CREDIT

and

Financial Management

May 1937

"But I didn't mean to steal!"

HUMAN frailty in the face of temptation is always saddening. Tragic, too, are the losses which fall heavily on so many employers—because they fail to understand one all-important fact about the ever-present threat of embezzlement.

That fact, startling to many, is this: Embezzlers are *not* criminal types. A recent analysis of 1,001 actual cases shows that the vast majority are normally honest men and women—tried and trusted employes—who have weakened under the pressure of personal emergencies, "borrowed" from their employers, found themselves unable to repay, then continued to take more.

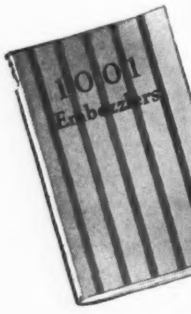
The judgment of the American business man, sound in most circumstances, is far from infallible in appraising human character. Because the rank and file of employes are honest, he frequently fails to protect himself against the possibility of dishonesty, with results disastrous to his business. Employe defalcations take a yearly toll of some $200,000,000—causing more losses than fire.

What can Employers do about it?

We suggest two things: First, send for our new book, "1,001 Embezzlers," and get a clear picture of the entire problem. This analysis of 1,001 actual cases gives employers facts about why, when and how trusted employes go wrong—facts which have never been compiled and disclosed before.

Second, consult your insurance agent or broker. Ask him to show you the new, simplified Fidelity Bond forms of the United States Fidelity and Guaranty Company. Clear, concise, free from technical terms, they are today's most effective instruments of protection against employe dishonesty.

Write to us on your business letterhead, and a free copy of "1,001 Embezzlers" will be sent to you by return mail.



United States Fidelity and Guaranty Company

WITH WHICH IS AFFILIATED
Fidelity & Guaranty Fire Corporation
HOME OFFICES: BALTIMORE

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Contents for MAY, 1937

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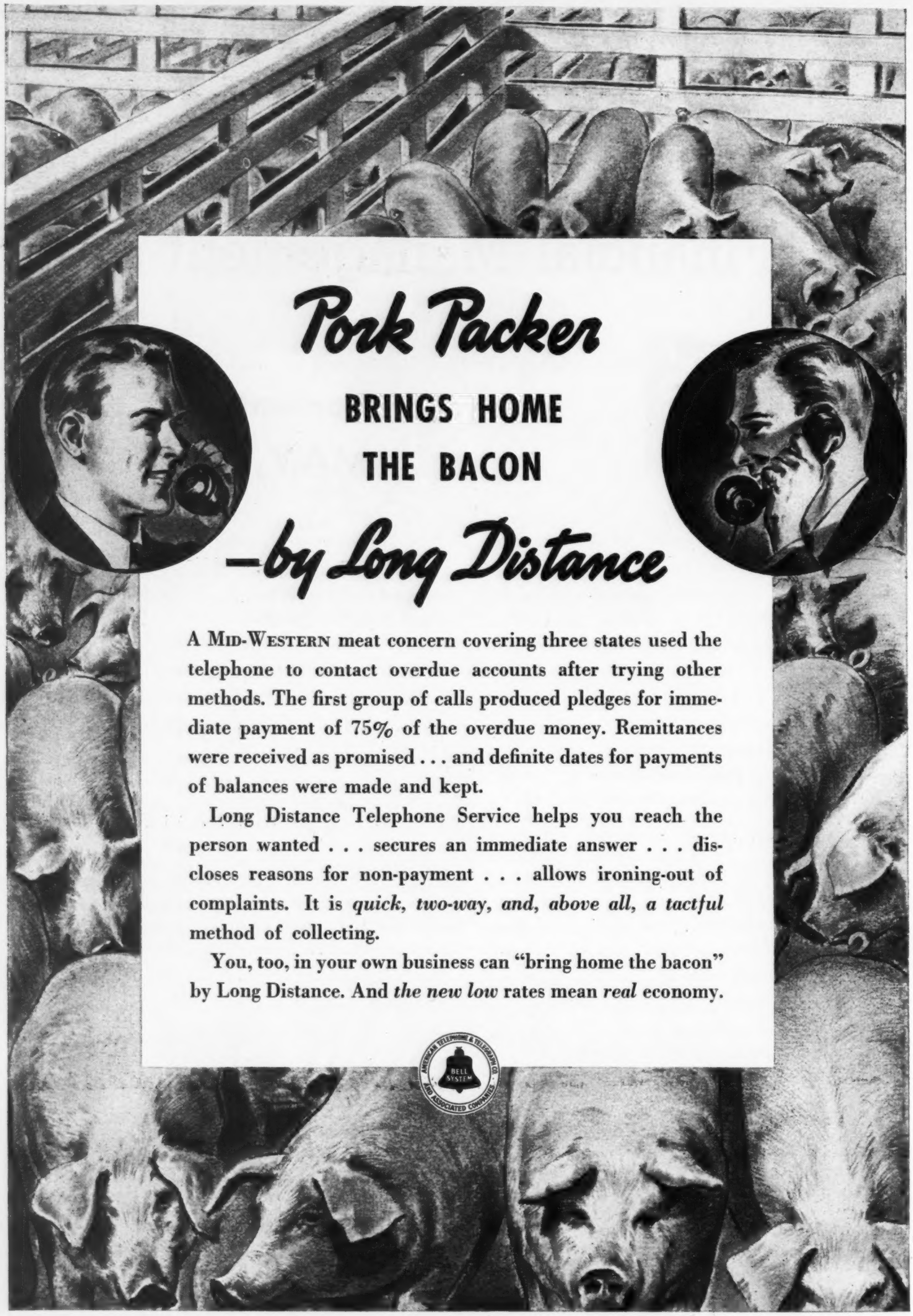

Pork Packer
BRINGS HOME
THE BACON
—by Long Distance
A MID-WESTERN meat concern covering three states used the telephone to contact overdue accounts after trying other methods. The first group of calls produced pledges for immediate payment of 75% of the overdue money. Remittances were received as promised . . . and definite dates for payments of balances were made and kept.
Long Distance Telephone Service helps you reach the person wanted . . . secures an immediate answer . . . discloses reasons for non-payment . . . allows ironing-out of complaints. It is quick, two-way, and, above all, a tactful method of collecting.
You, too, in your own business can "bring home the bacon" by Long Distance. And the new low rates mean real economy.
BELL SYSTEM

Par value checks

The use of bank checks is so generally accepted in this nation that we scarcely stop to realize that they are our principal currency. For each bill that is settled in currency, from fifteen to twenty transactions are cleared by check. If bank checks are to continue to serve most effectively as our principal currency they must possess most of the attributes of sound currency.

Until the Federal Reserve System was definitely established, bank checks were not always acceptable. In the early days of the growth in the use of bank checks, collection charges were frequently made and the rates varied almost as widely as the states. The method of clearing checks in those early days was such that the practice of circuitous routing of checks in order to gain time and do a little kiting either on the check itself or on balance sheet showings was not unusual. Many a check could have joined in the refrain: "The longest way 'round is the sweetest way home."

Soon after the Federal Reserve System was established, efficient facilities for check clearances were developed, eliminating the last vestige of justification for these check charges. The Federal Reserve System regulations, however, can only directly affect member banks.

Today, once again, we find charges being levied by certain state banks for payment of their own checks. If continued, and if the practice becomes wide-spread, industry and commerce will suffer. In the end the banks will suffer. Any restriction placed upon bank currency will have an effect similar to the discounting of any type of currency for which bank currency substitutes.

You would not expect to receive $4.90 for a $5.00 bill because, in getting it changed, you had to pay 10 cents for the privilege. A bank check is in practice a form of currency. Is it any more reasonable to charge exchange on a check?

To keep the stream of credit flowing freely calls for the elimination of restrictions and impediments. Credit is the life-blood of commerce and industry. We cannot raise obstructions to its sound circulation.

The credit fraternity of the United States recognizes that banks need earnings if we are to have sound banking. It is willing to do everything in its power to aid the banks in the procurement of earnings that insure a reasonable return upon investment. That makes for sound banking.

But the credit fraternity, however, does not accept any theory that enables a bank to discount money for the purpose of getting earnings. That is too reminiscent of the days of sweating and clipping of currency. Shortly a movement will be undertaken by credit executives which will be designed to re-establish national check clearances. Such a system is needed by industry in the development of sound credit and it will be beneficial to the banking business as well.

Henry H. Heimann

Executive Manager, N.A.C.M.

Credit and business stability

by CHARLES WEISBERG, Credit Manager, Henry Rosenzweig & Co., New York.

One of the greatest problems which confronts us is the levelling of the high peaks and low valleys of business activities because such sharp contrasts unbalance business equilibrium. We have come to the realization that if we are to avoid either of these excesses, there must be a better balance between production and consumption. To guide us in this direction we note the trend of carloadings, power consumption, prices of securities, basic commodities prices, inventories, building construction, imports and exports, money rates and other factors as business barometers. Economists and business commentators very often refer to them for forecasting the future of business. These indexes may denote an upward or downward trend and indicate the direction in the business cycle.

Each new era, or cycle, seems to bring with it new heights in productive capacities only to be followed by sharper declines. When we are on an upward trend management is encouraged by the increased activities and is desirous of taking advantage of all opportunities. If it is normal it leads to sustained or increased opportunities. To accomplish this, existing production and distribution facilities are enlarged.

The increased production may be in creating additional units of a like commodity for specific industries or outlets; or it may be for the creation of varieties of units. After a series of increases the various indices appear more favorable when compared with previous figures resulting in further expansion. Then after a succession of such periodic increases the saturation point is eventually reached.

In the meantime other influences may be at work. These include intensive competition within an industry or from rival industries. Poor economic conditions may set in which may be local, national or even international in scope. Production may still be at its peak but their rewards diminish and are not encouraging to management. Management in turn is thereby forced to curtail production for its own protection, and such curtailment leads to a general decrease in sales. Here, we have the forerunner of a downward trend.

To what degree and depths such downward trend may finally lead is problematical. The extent of the decline is uncertain as other influences are at work. Its depth or severity depends on the extent of expansion. This is due to that fact that the additional plants and equipment become excessive and a good portion of them become idle as a result of diminished demand. As this trend continues, it often leads to more serious consequences. Continued losses eat into capital resulting in abnormal caution, which further aggravates the business situation. The substantial economies which had been effected through increased or concentrated production and distribution are nullified by future uncertainties. Business stagnancy created by fear follows. Security values are adversely affected because investors are discouraged from placing their excess funds in productive enterprises; and the tendency to dispose of holdings.

During the course of necessary realignments and reorganizations in industries, numerous concerns are forced into liquidations, receiverships, etc., with accompanying disastrous results. These results are not confined to any particular trade or industry, but all trades or industries are affected. To us, the credit executives, it is emphasized in the substantial increases in our receivables followed by a sharp reduction due to numerous liquidations, and heavy bad debt losses. Furthermore, the remaining outlets for our own products, because of heavy liquidations, are reduced.

The foregoing remarks serve as an introduction to a great problem which vitally affects our economic position. That problem is, how can we level these peaks and valleys so as to maintain a more even and sustained business level? To leave the high or low limits without bounds until they have run their respective courses adds to uncertainty and instability because of the time and consequences involved. And, to accept such cycles as natural is unsound because of the resultant chaos and disruption.

It is realized that if we are to solve this problem or at least attempt to control it, we must be able to determine through an intelligent analysis when the saturation point has been reached; and, to exercise the proper control to avoid excesses. Therefore, in the ensuing remarks the interpretation of definite information as a means of analysis is briefly discussed as well as a possible method of control.

We are primarily a trading nation and commodities are constantly traded in. These commodities are produced for use, whether such use is for immediate consumption or in the production of other products or necessities. The amounts produced depend upon immediate and potential demand. Here we have one of the chief causes of unevenness between production and distribution because of the difficulty in measuring what will be consumed.

General business indexes cannot be used as absolute guides. While some, or possibly all, may indicate favorable trends, they are not conclusive. As they reflect current business activities they do not disclose when the points of saturation have been reached. Furthermore, unless the underlying influences are properly known and interpreted they may prove to be very harmful. They are, however, of some aid and should be used judiciously. In view of these difficulties, another important question arises here and this is, upon what basis is the demand measured, either actual or potential?

It appears to the writer that the actual and potential demands are based, usually, upon previous periodic performances, human intuition, guess, or possibly all. It appears obvious that the use of previous performances have proven to be faulty due to uneven de-

mand, style and utility changes, and other influences. To depend upon intuition and guesswork is of course patently unsound. Because of these uncertainties it is necessary to look for more specific data. These facts are available from numerous profit and loss statements and balance sheets of concerns in the different industries which comprise the outlets.

In general, the profit and loss statements reveal sales realizations, gross profit margins, expenses and operating profits, or losses. They indicate actual results of production and distribution. Comparative profit and loss statements show the trends of such amounts and ratios. Very useful information can be gained from these trends by noting the sales fluctuations, the expansion or contraction of the gross profit margins and the increases or decreases of expense and operating results.

The fluctuations in the profit and loss margins indicate increased or decreased demands. Where the demand is increased the gross profit margins are favorably affected. The gross profit margin per unit is at least maintained, and because of increased production certain definite economies accrue. These economies are reflected in an increased gross profit margin. The general overhead expenses which may be slightly increased in actual outlays appears, nevertheless, more favorable in proportion.

Encouraged by such favorable results industrial expansion sets in. Competition within an industry, or from rival industries, becomes severe; or, adverse influences arise. The demand for such commodities may still be sustained but because of intensity of internal or external influences there is a tendency toward reduced selling prices to foster demand. The sales volume may still be maintained or even increased but the gross profit is reduced. This is because the manufacturing costs are not reduced in proportion to the reduction in the selling prices. Furthermore, in order to maintain the volume on the basis of increased units there will naturally follow an increase in the overhead expenses due to the increased handling, storing, etc., of the additional units. Because of such increases there follows a less favorable general overhead expense ratio. The ultimate result is that the rewards of such increased production are not commensurate with the volume. Visible signs of the saturation point are then apparent.

Black Star

We can put all our business eggs in one credit basket if we make the credit basket strong enough

The fluctuations as disclosed by comparative profit and loss statements are also influenced by economic conditions. When such conditions are normal the demand is about evenly sustained; or when increased, such increase is not of a sharp or violent nature. The gross profit margins and expense proportions remain about constant; or when increased normally such proportions are slightly improved. However, when such conditions are subnormal there is a sharp decline in the demand for commodities which may be for a short or long period. Sales are reduced in units as well as selling prices. The production overhead and general expense overhead remaining more or less constant, depending upon the kind and nature of the industry, will increase when figured on sales. Commodity demands may or may not experience a sharp decline depending, of course, upon their nature. Nevertheless, the spread between the gross profit and expense ratios becomes unfavorable, due to the great price instability and the nature of the fixed charges. Earnings, if any, become scant and management becomes fearful. Numerous liquidations, receiverships, etc., eventually follow with disastrous results reaching in all directions.

Profit and loss statements are closely tied up with balance sheets. The former reflect the results of the various influences after a period of operations while the latter reflect the financial condition as a result of such operations. Profits are not only reflected in the increase of the capital and reserve accounts, they are further reflected in an improved current position. Conversely, losses decrease the capital and reserve accounts and are further reflected in a poorer current position.

When the margins of profits are narrowed necessitating a larger volume, such increased volume tends to strain

the working capital. Larger inventories must be carried because of the additional unit requirements. Such increased inventories may further jeopardize the capital depending upon the nature of the merchandise; whether they are subject to the elements, style, seasonability, perishability, etc. Larger inventories also lead to sacrificial sales due to the pressure of meeting current expenses, payrolls, maturing obligations which in turn, endanger the existing working capital.

Larger plant and equipment investments are further necessary to produce these additional units. This leads to a diversion of funds from a liquid state to one which is non-liquid thereby depleting the working capital. The poor rewards which accompany such uneconomic activities have a tendency to discourage any increased investments for plant and equipment enlargements and its current security values are reduced because of depleted earnings.

Because of meagre earnings, management must resort to one of two prerogatives if it is to remain in operation. It must either improve its overhead relationship to the gross profit or it must improve its gross profit.

In the first instance there is a limit as to how much the overhead expenses can be curtailed without interfering with the efficiency of the management. Under the second instance, one of two, or possibly both choices are necessary and they are to either reduce the labor or material cost, or both. Too great a curtailment in either case will affect the merchantability of the commodities and prove to be very harmful. Therefore, when numerous concerns in an industry, or trade, are affected by intensive competition or other influences they must, through necessity, reduce their costs if they are to maintain their financial standing. To accomplish this, at least in part, they must secure from their sources materials at reduced cost or resort to the use of substitutes or inferior materials. The sources are then confronted with the situation of either meeting these demands or losing a market; or provide inferior materials and its own industry becomes affected. Because of such conditions reduced demand or consumption in one industry reacts upon the smooth flow of materials of its immediate source. Thus, the financial stability, or instability of the outlets affect all sources.

The results of trading, as mentioned previously, are reflected in profit and loss statements and balance sheets of concerns in a trade or industry and they present a panorama of events which in turn reflect possible tendencies. These multiple data are available at periodic intervals, and when properly compared and interpreted, concentrated thought should be given to the causes of sales, gross profit and expense fluctuations. It may be possible to forecast from these trends whether a trade or industry is headed for a period of expansion or contraction, etc. Through constant vigilance, we should be in a better position to determine conditions before the saturation point has been reached.

When that limit has been ascertained we then can set in motion proper forces of control to keep our outlets within bounds. To exercise proper control we must look to the medium through which sales are accelerated. That medium is CREDIT. Therefore, in order to level the peaks and valleys of sales activities and maintain a better business equilibrium it devolves upon the sources to properly direct the merchandise flow. Merchandise, or commodities, flow from sources to outlets. Each outlet in turn becomes the source for another outlet as the finished product of one source is the raw material of its outlets. This flux may be contracted or expanded depending upon the influences which are at work underneath. To properly control the direction of this traffic we must take cognizance of definite facts if we are to avoid any merchandise glut. This can be done by studying the underlying causes which are reflected by the trends as indicated by profit and loss statements, etc.

To this end major consideration must be given to the general credit strength of a trade or industry instead of relegating it to secondary consideration. One of the prime considerations in measuring a credit risk is the proper analysis of balance sheets. This is obvious when it is considered that such balance sheets not only disclose the financial position of business organizations but their continued strength and progress depend upon the influences mentioned earlier. In the final analysis, such balance sheets determine the ability to pay for current obligations, and also to maintain their strength in our economic sphere. To accomplish this end further it will devolve upon the sources to measure their production on the credit strength of their outlets. It may entail some sacrifices in the sales volume and possibly some economies which result from increased production; but there is being built a strong base which will eventually cushion or absorb any future shocks and, therefore, maintain business on a more even keel. The credit standing of outlets is often undermined by excessive production of their sources. Therefore, through the proper control of inventories by the sources, their outlets are maintained in a healthy credit condition, and over a long period such credit standings become a better measuring rod for evaluating demand.

In connection with this control it is suggested that proper utilization be made of the credit executive. His principal function is, of course, the sifting of credit risks and in exercising this functon he is brought into close contact with various industries and trades. He is continually reviewing balance sheets and interpreting facts as presented by accompanying profit and loss statements. From these sources he gains valuable information as to the time and extent of a trade or industry's activity. By reason of this he is in an excellent position to note the general trends of sales, gross profit margins, etc. From this analysis he can inquire into the causes of such changes and interpret them in the light of existing conditions for the benefit of his own company. His advice should be sought as he is the possessor of information pertaining to conditions at the various points of outlets. He is much less likely to resort to guesses as to what business may expect than are others who are not dealing day by day with the cold facts but are depending more or less upon rumor, hearsay or extraneous opinions. There are other ways in which a credit executive may be useful. It is therefore vital that proper recognition should be accorded him in every concern in the formulation of policies of production, distribution, finance, etc.

Now that we are emerging from the prolonged depression there appears to be a strong desire on the part of business in general to expand. What proportions this expansion finally assumes is problematical. If it is normal it may or may not (*Cont. on p.* 38)

Philadelphian's letter wins

C. W. WALKER, Credit Department, Certain-teed Products Corporation, is awarded $25 prize in "Unearned Discount" letter contest. Five other letters are given Honorable Mention and Credit Manuals.

Herewith are presented the letters which have been awarded $25 first prize and the Honorable Mention prizes in the "Unearned Cash Discount" contest announced in the February issue of CREDIT AND FINANCIAL MANAGEMENT:

First Prize $25

C. W. Walker, Credit Department, Certain-teed Products Corporation, Philadelphia, Pa.

Honorable Mentions

Each to receive a copy of the 1937 Edition of Credit Manual of Commercial Laws.

William E. Dodge, Credit Manager, Wm. Deiches & Company, Baltimore, Md.

H. Freeberg, District Credit Manager, Wilson & Co., Atlanta, Ga.

O. W. Samuelson, Biddle Purchasing Co., New York, N. Y.

James E. Saunders, Credit Manager, Southwestern Drug Corporation, Fort Worth, Texas

V. E. Stackhouse, Credit Department, La France Industries, Philadelphia, Pa.

Worthy Mentions

E. S. Bahr, Assistant Credit Manager, Standard Oil Company of Louisiana, New Orleans, La.

M. J. Benedict, Credit Manager, The Formfit Company, Chicago, Ill.

Charles F. Clapp, Richfield Oil Company of California, San Francisco, Cal.

Miss C. I. Logan, Credit Manager, Kirsch Company, Sturgis, Mich.

Anne H. Spitzer, Credit Department, International Handkerchief Mfg. Co., New York, N. Y.

A total of 157 letters were entered in the contest which closed on March 10th. The following acted as judges:

Lawrence J. Bradford, Vice-President National Association of Credit Men and Chairman of National Publications Committee, The Lunkenheimer Co., Cincinnati, O.

H. E. Robb, Member of National Publications Committee and Credit Manager, The Oster Manufacturing Company, Cleveland.

Richard G. Tobin, Editor, Credit and Financial Management.

The letters were given a serial number as each was received. At the close of the entry period Editor Tobin made his selection, first by selecting the best 25 letters then by eliminating ten of these twenty-five and then by selecting what he thought was the best letter out of the remaining 15 and then picking

The winner:

Gentlemen:

Our appreciation of your check in the amount of $4900.00 is not in the least diminished by the fact that we are returning it attached. We want you to use this money for another twenty days so that you may from your own experience answer a question for us on which your opinion is essential.

In order to eliminate the possibility of any misunderstanding on your part, permit us to say first that we consider your Company as an ideal outlet for our materials in your area, and we believe we enjoy your patronage because you similarly consider our products of sufficiently high quality to do justice to your merchandising skill.

However, we do not seem to be so completely in agreement in the matter of cash discount, so let's go back to the contract of sale which provides for terms of 2%—10 days—net 30 days.

The question which we mentioned is: "Is your money worth 36% a year to you?" Under the above terms we pay you 2% for the use of your money for a period of twenty days, the time between the discount date and the net due date, which amounts to 36% a year. We do this because it is a trade practice, but such a practice has no justification unless we actually have the use of the money for the time indicated.

However, we have not the right to use your funds unless we pay for the privilege, therefore, we are returning your check, and asking that you pay this billing net on the due date.

It is evident to us that in the press of your many activities the matter of discount has not received your fair-minded consideration heretofore, and that you will consequently welcome our presenting our viewpoint in this frank manner. We look forward to your equally frank reply.

Very truly yours,

the five for Honorable Mentions and the five others for Worthy Mentions.

The letters were then sent on to Mr. Bradford who made his selections on about the same general plan. Mr. Robb in turn received the letters and made up his list.

With the three lists of selections on hand a score sheet was made up with an award of 12 points for a first place, 10 points for second place, 8 points for third, 6 points for fourth, 4 points for fifth, and 2 points for sixth. Each letter named in the lists for Worthy Mentions was given one point.

The winning letter was picked as a first by one judge, as second by another and as fourth by the third judge.

The letter rating second in the standing was given a first by one judge, a third by another judge but was not mentioned by the third judge.

One judge named two letters as being in a tie for first honors.

Before the letters were submitted to any of the judges, Mr. Wilbur K. McKee, Associate Professor of Business English, New York University made up a selection of 25 of the best letters. It is interesting to note that the first 6 letters and 2 of the Worthy Mentions were named in Mr. McKee's list of 25 best letters.

The comments by Mr. McKee on pages 12 and 13 are of especial interest in connection with the presentation of these winning letters.

Honorable Mentions

by WM. E. DODGE, Credit Manager, Wm. Deiches & Company, Baltimore, Md.

Dear Sir:

From time to time you, we know, have been confronted with situations you have found difficult to face. We feel sure you have tried in such situations to be fair—fair to the other fellow and fair to your Company.

You have placed me in just such a position by tendering a check dated March 15 in payment of bill of February 23, \$5000, having deducted 2% cash discount, \$100; despite the fact that the bill was 20 days old when your check was mailed. I want to be fair to you, but I am duty bound to be fair to my Company. It would be unfair to both to accept this check in full payment of the bill in question.

You know our terms are 2% for payment in 10 days, net 30 days, and

Wrote winning letter

C. W. Walker, Credit Department, Certain-teed Products Corp., Philadelphia, Pa.

we know that your customary payment dates are the first and fifteenth of each month; but, as we have explained on previous occasions, when we accepted checks after the discount period had elapsed, it is unfair to our other customers to require them to pay in 10 days to earn their discount, and then allow you the same discount for payment in 20 days.

Will you please, under the circumstances, let us have a new check for \$5000 or return your check of March 15, which we are enclosing, with an additional check for \$100. The new check, of course, need not be mailed until March 25 when the bill will be due.

Very truly yours,

by H. FREEBERG, District Credit Manager, Wilson & Co., Packers, Atlanta, Ga.

Dear John:

Thanks for your check dated February 15th which arrived today! Our Office Manager tells me that, in order to have earned the cash discount you are taking, this bill should have been paid on Feb. 5th. He also tells me that the discount period has been exceeded once or twice previously and, knowing how highly we regard your account, he has asked me to bring this to your personal attention.

Occasionally I have found that our own accounts payable department is careless or negligent about discounting our bills and I am wondering if that can be true in your case. Not long ago one of our suppliers brought such an instance to my attention and you can be sure I appreciated it and steps were immediately taken to insure against a repetition. I'm satisfied you would want to know about this so am passing it along to you in the same spirit that my friend above mentioned handled the situation. I know you would not intentionally violate terms.

Your good firm and mine, do not need the Robinson-Patman Act to enforce terms because we know that the sole purpose of cash discount is the prompt return of capital within a specified and agreed period of time. If we do not elect to discount our purchases, we have the privilege of using our suppliers' capital a while longer and then remitting on a net basis, which in our case is thirty days from date of invoice. In other words, "what is fair for one, is fair for all," and I know you are too good a sport to ask or expect special privilege.

With this thought in mind, I am returning your check as you will probably want to use this sizeable amount of money in discounting other current bills, thus accomplishing the purpose that your excellent current cash position justifies. Let our check come along on a net basis after the full thirty days have expired and don't be too hard on your bookkeeper, because we are all human and make mistakes.

By the way, I have not forgotten the very pleasant evening I spent in your home last May. I plan a visit down your way next month. As soon as my schedule is definite, I shall write you and want you and the good wife to be my guests on that occasion. In addition, I want to see how you do it. The way your orders have been coming in, you are certainly riding high! More power to you and thanks for favoring us in such a substantial way!

Cordially yours,

by O. W. SAMUELSON, Biddle Purchasing Co., New York, N. Y.

Dear Sir:

This will no doubt serve to recall several previous letters we have written you concerning our terms but if you wish to definitely refer to those letters, we mention the dates to save time, January 4th, 17th and February 3rd.

As we have indicated in all of these letters and wish to emphasize here, we value your account and want to do

everything we possibly can to serve you. In the matter of discounting, however, we cannot go beyond our established terms. We say "established terms" because that is what they really are. All of our accounts, to whom we extend credit, receive terms of 2% 10 days, net 30 days.

It is our firm belief that a business does not achieve permanent success without the confidence of their customers. And it is fairness that creates confidence. We can only be fair to all of our customers by establishing one set of terms and allowing cash discount only if payment is made within these terms because cash discount is a premium for prompt payment only.

Such a policy, while it must be strict to be fair, can neither be without an exception. Just recently, for instance, when we received remittances from those unfortunate sufferers in the flood area that were a little late for discount, it was only humane that we show some lenience. There are times when strictness would not be fairness as we also felt when we allowed cash discount on your three previous settlements, simply writing you to clear up any misunderstanding.

This remittance reached us without any explanation for the delay. If there is some good reason for the delay, just shoot your check back to us with the explanation for we certainly don't want to be unreasonable. Otherwise we suggest that you withhold remitting until February 25th for your payment will not be due net until that date.

Yours very truly,

Enc.
Check #......Feb. 15th $......

by JAMES E. SAUNDERS, Credit Manager, Southwestern Drug Corporation, Forth Worth, Texas

Gentlemen:

We return herewith your check of February 15th, tendered in payment of our invoice of January 26th, asking that you send us a corrected check, or an additional check for the discount, which was deducted in error. If you will please refer to this invoice you will find the discount period expired on February 5th.

From a study of your account, it seems that it is your custom to issue checks on the 1st and 15th of each month. If this is correct, it explains why your checks have been late on previous occasions.

Naturally, we have no desire to disrupt your established routine of doing business, and, knowing you as we do, we are sure you would not have us break our established terms, and discriminate against our other customers, in order to extend special discount privileges to you.

There must be some way we can catch step. How would it serve you for us to schedule your future shipments so the invoices would come due on the dates you issue checks? This would make our terms coincide with your paying custom, and enable you to get your cash discounts.

This, of course, is just a suggestion. May we hear what you have to offer?

Yours very truly,

by V. E. STACKHOUSE, Credit Department, La France Industries, Philadelphia, Pa.

Attention—*Mr. Myron Borost.*

Gentlemen:

When our Accounting Department referred your check No. 8308 to us for approval, we were tempted to say: "Oh, that's all right! Accept it." On second consideration, however, we thought: "Here is a check where unearned discount has been deducted, and that discount amounts to more than $100.00. Return the check by all means."

A sense of fairness, however, to you and to ourselves made us hesitate before following either of these extreme courses. A frank analysis of the situation discloses a problem of conflicting interests:—

You do not want to lose your cash discount, and yet you are anxious to avoid the unnecessary details of making out checks more than twice a month.

We are desirous of retaining your good will, but are not allowed by good business practice to stand the loss of discount on items not paid within the discount period.

An unsolvable problem? Not at all! Let us see if we cannot co-operatively discover some mutually satisfactory basis for settling this difference of viewpoint.

The idea of averaging occurs to us. Your purchases are continuous and of comparatively even volume. Your payment of certain bills a few days short of the ten-day period would compensate for those bills allowed to run a few days over this period. In practice the arrangement would be as follows: All bills dated from the 13th to 28th of the month would be paid less discount on the first of the following month; all bills dated from the 29th to the 12th would be paid on the fifteenth.

Does this sound logical to you? Does it provide the solution to both our problems? We think it does! What do you think?

Pending the receipt of your reply, we are temporarily holding your check. In this instance we are willing to waive our claim for discount for the sake of reaching an agreement and making a fresh start to a relationship which we feel is mutually desirable.

Your acknowledgment, advising that the suggested procedure meets with your approval will be greatly appreciated.

Very truly yours,

What is your problem?

Another letter problem contest will be announced in a late Summer issue. It will deal with some phase of Credit Department correspondence other than routine collection work. What is your pet problem? Let us have your suggestions for the next letter contest.

By WILBUR K. McKEE, Associate Professor of Business English, New York University

Contest letters are given "A" grade

It has been a privilege and an opportunity to be permitted to observe the results of the "Unearned Discount Letter Contest"—an opportunity for which I am deeply grateful to CREDIT AND FINANCIAL MANAGEMENT. It has been gratifying to see the wide interest in the contest and to realize that such enthusiastic response is but the gauge that measures a nationwide desire for improvement in standards of excellence in business correspondence. A reading of the scores of letters submitted in the contest has served as a vivid illustration of the earnest efforts made by so many members of the credit fraternity to become masters in the art of writing and to turn their proficiency in that art to account in their business activities. It has served also to make concrete both the good and the bad features of average business letters in America today.

As to the first of these two classifications, I am indulging in no perfunctory flattery when I praise wholeheartedly the many writers who sent in letters that must be ranked high in the scale of merit. The task of the judges has undoubtedly been very difficult, for the selection of a winning letter and of a half-dozen or so letters for honorable mention has meant failure to recognize publicly the merits of many others which were far above the average as specimens of good business writing. I remember at least twenty-five or thirty letters which the judges found it impossible to reward with specific distinction but which are deserving of an "A" in the usual system of academic grading.

The writers of these twenty-five or thirty letters may find much more than scant comfort in the realization that any scheme of judging in any contest, however efficient it may be and however dependable may be the powers of discrimination of the judges, is bound to be in the last analysis only a matter of opinion. It is no reflection upon the winners of this contest nor upon the judgment of the gentlemen who acted as examiners to state that under other circumstances and at other times any one of the letters in this larger group might have been picked as the winner. Opinion is a human attribute and, like other human qualities, is subject to the shifting influences of time and place. The only real test of the merits of a letter is found in the results and the accomplishments which it can produce. "By their fruits ye shall know them." I have no hesitation in declaring that any one of the thirty letters mentioned would be extremely likely to succeed in bringing the reader to a state of willing agreement with the discount policy of the writer. Measured by that standard, the only real standard, every one of these letters is a winner.

As to the second of the classifications, the bad features of the letters submitted, it is painful to note that so many writers, whose earnestness of purpose is very evident, still cling to habits that condemn their letters to failure from the very moment of writing. Stark, bare, terse style that is almost gruff; long, clumsy sentences that are almost incoherent; violations of established rules of good usage; use of trite and hackneyed terms that have long since outlived their usefulness, if they ever had any; failure to analyze the situation calling for the letter; neglect of the vital principle of careful planning so that the various parts of the letter may be in logical order—these are the outstanding faults of the letters that missed the mark.

I understand that the judges in making their decision used four points as a basis of their judgment: friendliness of tone and approach; fairness to the customer in solving the problem of disposition of the check; technique in handling the difficulties of the customer in his twice-a-month payment plan; and the general form of the letter with special reference to its clearness of sentence structure and correctness of expression. It is in the first and the fourth of these points it seems to me that most of the inferior letters fell short of the mark. True, many of the writers seemed a little confused and hazy in their outline of the business phases of the situation, and the attitude of many toward the problem of the check seemed decidedly open to question. But many writers whose policy concerning check and terms of payment were debatable still produced very good letters, and, conversely, many whose business technique was without blemish still wrote letters that had very little chance of success in persuading the customer. It is difficult to over-estimate the importance of tone and correctness in business correspondence.

May I say in passing that the winning letter is undoubtedly a good illustration of the manner in which a letter may qualify under the tests implied in these first and fourth points. It succeeds without going to extremes. One reads it with the feeling that it is a cordial letter without becoming so ful-

some that its sincerity may be questioned. It is free from obscure sentences, from piled-up clauses, and from grammatical error. It is well balanced —friendly but straightforward; complete in its explanation and appeal but not verbose.

It is characteristic of human beings that, when they are in earnest, they never do things by halves. For this reason it is hard for writers to strike a middle ground—to be temperate in their faults and virtues. The history of business correspondence in this country shows that a good many years ago there was a reaction against the effusiveness of an older and more courtly style than we are accustomed to use today. It was obviously wasteful to write as elaborately as business men felt themselves compelled to do; it was patently inefficient to follow the models that had survived from the eighteenth century well into the nineteenth. The idea of a business man as aggressive and brisk was becoming more prevalent than before. Accordingly, correspondence became brisk and crisp—straight to the point. Letters became terse and stereotyped. The so-called refinements of style were thought to be out of place in business.

Out of this reaction, as well as from the exigencies of the full schedules of busy men, came the ideal of conciseness in a business letter—an ideal that was destined to become a cherished idol. Correspondence clerks were urged to put brevity above all other qualities. Hence the stereotyped wording that was almost the general practice less than a generation ago.

When the counter-reaction came, as it so inevitably did come, there was confusion. Conciseness was recognized as still a virtue. On the other hand new ideals came into existence. Stereotyped wording became a bad habit to be universally denounced in the best companies. The "You Attitude" was much talked of; courtesy was insisted upon; a letter must have personality; it must have all the ear marks of good writing. In this confusion many earnest writers find themselves involved today, and naturally they are tempted to lose their balance.

In the attempt to be courteous, many writers become fulsome and effusive. In the attempt to be complete in their expositions, they become wordy and incoherent. In their desire to write from the reader's point of view, they sacrifice the firmness so necessary to the business man who must enforce terms and policies to which he is by necessity committed. Their work is not convincing; it does not ring true.

A sign of health —

"It is a sign of health and growth and a promise of future development that so many credit men cared enough about their writing to send in their letters."

There are two questions that every writer of a business letter may ask himself as he looks over his finished letter. If the answers are satisfactory, he may be reasonably sure that his letter will accomplish its mission. The first is, "Have I included in my letter *all* that is necessary for the realization of my purpose?" The second, "Is there anything in my letter that does *not* contribute to the accomplishment of my purpose?" On the correction sheet of a university department of business correspondence are two numbers to be used in marking students' work. One means *essentials omitted;* the other stands for *non-essentials included.* These two phrases should be constantly in the mind of every writer.

What general suggestion may be offered as a result of reading the letters in this contest? The answer is not hard to find. There is no short cut to success in writing. No royal recipe, no infallible formula, is to be obtained. Good writing is the result of constant practice, of diligent application to the business of writing, of hard and often irksome drill. Sinclair Lewis, in a recent article in the book collector's periodical *The Colophon,* calls attention to the "impeccable recipe" of Mary Heaton Vorse, "The art of writing is the art of applying the seat of the pants to the seat of the chair." No better suggestion could be given to our readers as they evaluate this present contest.

It is necessary for many of us to go back to fundamentals. The practical nature of modern education and the constant trying out of new methods of teaching have resulted in a neglect by many of us, an unconscious and unintentional neglect but a dangerous one nevertheless, of the mechanics of language. I know of many business men who have taken time off from their busy activities to enter upon a careful study of grammar, of sentence structure, of word usage. They are men of vision; they are wise with a wisdom which will vindicate itself almost immediately in increased success through their business correspondence. One cannot succeed in any art or craft unless he is thoroughly familiar with the tools of his trade.

A knowledge of the fundamentals, a willingness to practice and then practice some more, a conscious steeping of one's self in good writing by critical and careful reading—these are the things which will make any business man a successful writer of effective letters. They are the things which make known their necessity as one examines a set of letters such as those that came into competition in this contest.

Yet one must be careful, as he says these things, not to give the impression that the letters under discussion call for fault-finding. It is a splendid thing to be able to say that the reverse is true. For the amazing thing about the contest was most emphatically *not* that the letters had so many faults, but that they were so uniformly good. First and foremost, it is a sign of health and growth and a promise of future development that so many credit men cared enough about their writing to send their letters in. When so many men *care* about their work, it is a natural corollary that their work will be good. As a teacher of business correspondence I am glad to say that I have seen no movement so likely to produce wide-spread improvement in writing as this contest of CREDIT AND FINANCIAL MANAGEMENT'S. I am glad of the chance to congratulate the Publications Committee and every man or woman who contributed his or her answer to the "Unearned Discount Problem."

FRANK A. SOUTHARD, Jr., Asst. Professor of Economics, Cornell University, discusses

Export policies of

For some years I have been convinced that the authors of the standard books on foreign exchange have been overzealous in their efforts to simplify an admittedly complicated subject. There has, moreover, been a certain amount of "carry over" of procedures typical of pre-war foreign trade into post-war treatises on foreign exchange.

For example, in one of these books, widely used in university teaching, we learn that although an exporter may draw a time draft on the importer with documents on acceptance, it "is seldom done in foreign trade unless the exporter has implicit faith in the . . . importer"; and that the commercial letter of credit is, of all practices, "the most important and the one most commonly employed." We are also told that "the greatest advantage arising from the use of such import and export letters of credit . . . is that the bank or the discount market carries the burden of financing the transaction."

Such generalizations are not necessarily wrong; but neither are they wholly right, because they lead the student to believe that there is a uniformity of practice in the financing of foreign trade which simply does not exist.

With the co-operation of the Foreign Credit Interchange Bureau of the National Association of Credit Men I sent out, last Fall, some 700 questionnaires to export managers of American manufacturing concerns. Some 300 of them very generously replied to my queries on foreign exchange, credit, and collections. My purpose was to discover—to the extent that a questionnaire can—the degree of uniformity or lack of it in export policy. To the export manager and the foreign exchange banker there will be little new in a summary of the 300 replies. But to those of us who are less closely associated with the financing of export trade there may be some interest in the following comments.

To begin with, it should be kept in mind that these 300 firms whose replies form the basis for this article are *manufacturers* and *exporters*. It is probable that somewhat different results would be obtained from a questionnaire sent to exporters of staples such as cotton, wheat, tobacco, copper, and so on; or from a questionnaire sent to importers. Taken as a group, these 300 manufacturers export everything from toy balloons to heavy industrial machinery, and are probably representative of American manufacturers in general except for a perceptible preference for Latin America as an export market.

Collectively, they rank the export markets thus: 1. Latin America, 2. Asia, 3. Western Europe, 4. Canada, 5. Eastern Europe, 6. Africa, 7. Australasia. It is probable that many of these firms, in common with a practice general among American manufacturers, do not consider Canada a "foreign" market.

The terms on which an exporter sells are somewhat determined by the nature of his foreign sales organization. For example, where wholly-owned sales subsidiaries are maintained in foreign markets, the exporter may bill goods on open account without hesitancy—although if a negotiable foreign exchange instrument is needed he may not wish to do so. On the other extreme, if an exporter deals largely through commission agents, and draws his drafts directly on the individual foreign buyers, the terms of sale will vary according to the credit standing of each customer, and to the nature of the exchange restrictions prevailing in the market.

Nor is there much uniformity in the type of foreign sales organizations maintained by the 300 replying exporters. The commission agent abroad is the commonest export intermediary, and yet only 18 percent export *solely* through foreign commission agents. A good second place in the list of foreign sales organizations is held by foreign distributorships; yet even fewer exporters *confine* their sales to such agent. And only 23 percent of the 300 firms limit their foreign sales channels to one or the other or both of these two commonest types.

Thus the wholly-owned sales office or subsidiary, the branch plant, the license or royalty agreement with an independent foreign firm, the foreign traveller, direct sales from the home office, and the United States professional export agent are used to a greater or less extent in at least some markets by most exporters even if the bulk of their sales are handled through commission agents or distributorships.

It is when we turn to the consideration of terms of sale, however, that we find the greatest diversity of practice, the textbooks to the contrary notwithstanding. The 300 exporters answering the questionnaire, classified the terms granted according to the nature of the credit risk and to the prevalence of exchange restrictions in the foreign market. We begin, then, with four variables: good and doubtful risks, and "free" and restricted markets. Add to that about a dozen

American manufacturers

types of terms, from cash with order to consignment, and it is apparent that generalization may be difficult. But at least the following conclusions are borne out by the tabulated replies.

1. When risks are good and markets are "free," 30 to 120 day time drafts with documents on acceptance are the most popular terms, with open account a strong second. Although the exporter would probably prefer to use date drafts, sight drafts are somewhat more prevalent, no doubt because the importer likes them better. Cash terms, letter of credit, or consignment are seldom used under these conditions. But one-third of the firms do ship, on occasion, under sight drafts, documents only on payment, even when risks and exchange conditions are good. Some of these firms export specialties or inexpensive articles where long terms are not customary; in other cases one can only guess why such relatively harsh terms are exacted from good risks. Probably as striking as anything revealed by the questionnaire is the fact that not more than 10 percent of the firms export *solely* on *one* of the various possible terms of sale. In other words, even though 75 percent *do* sell to good risks on time drafts with documents on acceptance, and even though those are clearly the most prevalent and popular terms, the great majority of firms also sell on other terms.

2. If, although credit risks are good, exchange restrictions become alarming, exporters tend sharply to tighten up on terms of sale. Now documents on acceptance time drafts drop to third and open account to fourth place in order of prevalence, while cash (either with order or under letter of credit against shipping documents) and sight draft with documents on payment, assume first and second place. But there is greater diversity here—the preferences are much less decided than where exchange is freely available.

3. When the risk is doubtful the terms of sale offered by American exporters of manufactured goods apparently depend largely on the presence of or absence of exchange restrictions. If the exchange market is "free," about half of the replying firms will sell to some customers on sight drafts, documents on payment, although slightly more will require, at least from some buyers, either cash with order or cash against documents under letter of credit. About 15 percent go further, and refuse to sell doubtful risks. Here again, it should be kept in mind that, except for that 15 percent, the remaining firms do not, as a rule, adopt a *single* sales arrangement to be applied to *all* doubtful risks.

If, to a doubtful credit risk, is added the additional worry of uncertain exchange, 84 percent of the replying firms either demand cash or withdraw from the market. Few will sell on any other terms.

Two other observations can be made: apparently neither the bankers time draft or acceptance under letter of credit, nor the ordinary commercial time draft with documents only on payment, are popular with American exporters of manufactured goods.

That the latter should be regarded as a clumsy device is rather obvious: if the credit risk is good, then give documents on acceptance terms; if it is bad, require payment at sight and be done with it. But the apparent decline in use of the letter of credit calling for time drafts is surprising.

The overwhelming majority of American manufacturers, if these 300 are a fair sample, currently are drawing their export drafts in dollars, shifting the risk of exchange onto the foreign buyer. Those few—not over 20 percent apparently—who do draw in foreign currencies to some extent cover in the forward market sometimes but not invariably. It is interesting to note that there has been some current discussion among exporters as to the competitive advantage of drawing in the importers currency, provided the risk can be covered either by a forward contract or by discounting the draft. The *a priori* advantages are obvious; but most exporters will have to be re-educated to the use of foreign currency drafts.

One final item of current export policy: Only a small minority of the replying firms discount their foreign drafts or borrow on their collections. This interests me for two reasons: 1. It runs counter to the common textbook assumption that the exporter, not being a banker, discounts rather than carries his export paper. 2. It may throw some light on the disuse of the bank acceptance under letter of credit, mentioned above. If the exporter intends to carry his paper till maturity, there is no use—particularly where the credit of the importer is good—in paying the price for a letter of credit.

ALLEN W. SELBY, Credit Manager, The Chicago Daily News, General Chairman, Credit Congress of Industry announces

Forty-six major groups to meet at 7th C. C. I.

Forty-six major credit groups and their allied lines are all set for the Credit Congress of Industry Sessions, which will be held as an important part of the Forty-Second Annual Convention of the National Association of the Credit Men at Chicago, in June.

These all embracing sessions institute a complete cross section of the nation's business and industry and will provide every credit executive a meeting place where he will find that credit problems akin to his will be discussed.

Many of the groups will have outstanding industry executive speakers appear at their luncheon program or during the other business sessions.

A peek at the pages of the Credit Congress of Industry Souvenir book to be presented to the Conventionites gives an inkling of what will be discussed when the Chicago Association of Credit Men play host to four or five thousand of the nation's credit men and women.

First of all it will contain a detailed program of each group. Topics for round-table discussions, speakers and their subjects. It will list group luncheons, their time and place, surveys of industries, together with new legislation and its effect upon industry. It will outline credit practices and procedures with considerable discussion as to the qualifications of the modern credit executive—responsibility and coordination of the credit function to management.

Where you find all this is obviously the place to meet with other credit executives of your industry from all parts of the country. And while here, you have the opportunity to call on some of your customers in the Chicago area.

Some of the national organizations are considering the advantages of using the remainder of the convention week for conferences of their branch house credit men following the adjournment of the N. A. C. M. Convention.

These business chiefs who contemplate this step feel as we do, that the various programs will provide credit executives and their assistants with a better understanding of the administration of credit policies.

Men and women are coming to the Credit Congress and convention from every section of the country as indicated in the reports received from San Diego, Los Angeles, San Francisco, Oakland, Seattle, Portland, east through the Twin Cities, Great Lakes Cities and on to Boston, south through New York, New Jersey, Philadelphia, Baltimore, Washington, the Virginias and Miami; then across the southern border of the states through New Orleans, Texas cities and back to the start.

From these cities and hundreds of others, large and small, will come their credit men and women to meet in Chicago, next June 21-24.

Come without fail, you cannot afford to miss these important sessions. A most cordial welcome awaits you!

Textile Manufacturers and Jobbers

John L. Redmond, Crompton-Richmond Co., Inc., New York, a National Director representing the Eastern Area, and also First Vice-President of the New York Credit Men's Association, is this year serving as National Chairman of the Textile Group. Early in May he plans to send special invitations to every person in this industry known to be a member of the National Association of Credit Men in hope of getting together the largest group of textile credit executives ever gathered at the National Association of Credit Men's Convention.


John L. Redmond

Mr. Redmond is purposely planning the Textile Group Program on a forum basis rather than providing a list of speakers for his group session. Four main subjects have been announced for a discussion by the Textile Group. These are:

1. Preparing for inflation
2. Developing sales through the Credit Department
3. Proper use of the Adjustment Bureau.
4. Prosecution of Commercial Fraud.

Mr. Redmond plans to have someone on hand prepared to lead the discussion on each of these four general subjects with other discussions being presented from the floor.

Hardware Wholesalers

F. S. Walden, national chairman, Hardware Wholesalers Credit Group, and vice president, Strevell-Paterson Hardware Company, Salt Lake City, has arranged a program with a "sure fire" appeal.


F. S. Walden

Before deciding on specific subjects for discussion, Mr. Walden conducted a survey among members of the National Wholesale Hardware Association. Replies to the questionnaire determined his choice of subjects. Topics definitely on the program include:

1. Credit Department Systems
2. Necessary Credit Data in the Acceptance of Credit
3. Opening Credit Accounts and Fixing Credit Limits
4. Modern Collection Methods

5. Trade Group Activities
6. Controlling Terms of Sale
7. Agency Service and Interchange
8. Credit Losses, Compromise Settlements and Liquidation of Insolvent Debtors
9. Interest Charges on Past Due Accounts

Referring to the convention, Mr. Walden said: "A great deal of interest has been aroused in the forthcoming convention. I have reason to feel that attendance will be unusually large and the meeting will bring out information no credit man in the wholesale hardware field should miss."

Meat Packers

National Chairman Fred D. Wetzel, of the Jourdan Packing Company, and his advisers conclude that the Meat Packers Group would get the most out of the Credit Congress of Industry sessions if the program were divided into two specific parts.

Fred D. Wetzel

The first part, therefore, is to include a review of the fundamentals of economics and a discussion of credit's place in the structure of business. The speaker for this phase of the packers' program is Rhae M. Swisher, C.P.A., Chicago, a brilliant leader in the industrial management field.

The second part of the program will be a thorough discussion of day-to-day problems faced by individual members of the industry. Included in this category are such subjects as: "Packing Industry Credit Outlook;" "Credit Department Functions and the Credit Man's Opportunity;" "Systematic Credit Procedure;" "Value of Credit Group Meetings;" and "Local Association Facilities."

Dry Goods, Clothing and Men's Wear

National Chairman C. L. Bonson, The Allen A Company, will open the first session of the Dry Goods, Clothing and Men's Wear Credit Group Monday afternoon at 3:45. After introduction of the group vice chairmen, roll call and "get acquainted," the members will hear the opening address by Arthur H. Brayton, Marshall Field and Co., on "Group Activities."

C. L. Bonson

The final speaker on the opening program will be W. O. Derby, business counsellor for the National Association of Retail Clothiers on a pertinent subject.

Tuesday's session begins with luncheon at 12:15 P. M. When the inner man has been properly satisfied, Alfred Decker, president, Alfred Decker & Cohn, Inc., Chicago, will welcome the industry members on behalf of the Association and the entire market in Chicago's big trade area.

Then comes his introduction of A. W. Zelomek, New York City, economist for Fairchild Publications.

At 2:15, Mr. Schmidt, a successful "old time" salesman, of Munsingwear, Inc., will reveal "What a Salesman Thinks of the Credit Department."

Roy Colliton of the national office, National Association of Credit Men, is to discuss Association activities at 3:15 and, at 4:15, Ed Welch of Brown-Durrell Co., New York City, will talk on "Are We Credit Men Getting too Mechanical?"

Each of the three addresses will be followed by open forum and general discussion.

Cement

There will be two sections of the Cement Credit Division program—the first section being a joint meeting with the Re-Inforcing & Bar Steel Group, beginning at 10:00 o'clock, Tuesday morning, June 22, 1937.

T. E. O'Connor

C. R. Parks

The first section will hear an address by a speaker on current legislation of vital interest to both groups.

This section of the program is scheduled to terminate at approximately 11:00 o'clock A.M., at which time, the two groups will go into separate meetings for a discussion on their respective problems.

The Secretary of the Groups will act as chairman of this first section.

The second section will be under the joint chairmanship of T. E. O'Connor, Universal Atlas Cement Co., Chicago, and Charles R. Parks, North American Cement Co., Albany, New York. The program follows:

1. Discussion—"Monthly Report"—general comments, criticism, changes, presentation, etc.
2. Report of results of investigation relative to compiling "Monthly Report" by States.
3. Broadening and increasing the membership of the Central Cement Group—Selection of District Membership Committees.
4. Comments by Secretary.
5. Discussion—Experience with Bonding companies.
6. Discussion—Experience with the Miller Act.
7. General Discussion on any subject recognized by the Chair.
8. Election of Chairmen for year 1937-38.

Brewery Suppliers

At the Credit Congress of Industry sessions the Brewery Suppliers Credit Group intend to start off with a discussion of the financial situation which surrounds their customers. This was revealed by the group's National Chairman C. E. Peters, of Chas. A. Krause Milling Company, Milwaukee, when he said that the first subject would be "Analysis of a Brewer's Financial Structure" during which discussion the credit men would enumerate what to look for, what to question, and how to identify danger signals.

C. E. Peters

"How Much Financial Expense Is Justified in Obtaining Credit Information" is another subject to be threshed out because it is one in which there is diverse opinion.

Many successful credit men assert that if an order is worth having it is worth being paid for and that means the credit man must make sure that his receivables will be liquidated.

An industry discussion on the exchange of credit information has been scheduled for this session and it will undoubtedly take considerable time because the question back of this subject contemplates the discussion of a national bureau that will make possible the exchange of ledger information on a non-profit basis.

Coal Operators and Distributors

In accordance with the best traditions of the industry the Coal Operators and Distributors Group has prepared a program which will be both educational and enjoyable for all attending.

This comes from A. E. Southgate, Philadelphia & Reading Coal & Iron Co., Philadelphia, national chairman, and W. T. Ledger, Republic Coal & Coke Co., Chicago, national vice chairman, who have been working together to produce one of the finest meetings the group has ever had.

A. E. Southgate

On Monday afternoon, Kline Roberts, executive vice president, American Bituminous Retail Coal Merchants Association, will present ideas on the type of assistance that credit men can render coal men. He will also give his interpretation of the distributors' credit department as seen by the retailer.

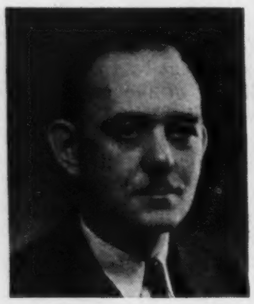
John D. Battle, executive secretary, National Coal Association, has been invited to address the group, Monday, on the "Guffey Act," indicating its effect on the coal industry with particular emphasis on phases applying to credit practices.

It is planned to set aside the Tuesday session for open-forum discussions, led by individual credit (*Cont'd P. 26*)

"Go-Chica-Go!" say these leaders

E. M. TOURTELOT, General Convention Chairman

L. E. SCHROEDER, Executive Committee Chairman



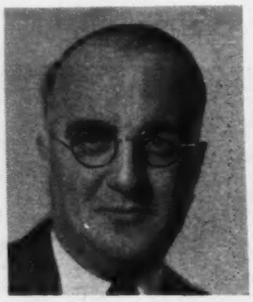
L. T. HADLEY, Entertainment

MRS. W. J. CLAUSSEN, Hostess

MRS. L. E. SCHROEDER, Hostess

MRS. ALLEN W. SELBY, Hostess

MISS MABEL WILKE, Hostess

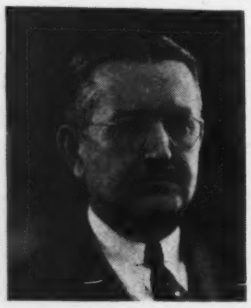


A. L. PODRASNIK, Dinners and Meetings

W. J. CLAUSSEN, Program and Speakers

D. C. CAMPBELL, Reception and Information

L. W. BRIGHAM, Publicity



H. P. HEAVISIDE, Registrations

ALLEN W. SELBY, Credit Congress

S. T. HARWOOD, Transportation

A. E. HALVORSEN, Finance and Budget

EMILY DAVIDSON, Women's Reception

FRANCES SAUER, Women's Breakfast

IRENE AUSTIN, Women's Banquet

HUGH DRISCOLL, Hotels—Reservations

J. F. O'KEEFE, Secretary, Chicago A. C. M.

42nd Convention—June 21-24—7th Credit Congress

Chicago: convention city

He who ventures forth a bit in quest of new wonders should travel to Chicago. Its name is magic the world around. No other city merely mentioned can arouse so many varieties of emotion. It has a fascination to the intelligent, and it has an earned glamour because its largeness is not gross size but planned pattern, esthetic taste, inspired architecture.

Thirty years ago the late civic genius Burnham carved in memory the injunction to his townsmen: "Make no little plans." An incredible grandeur, growing after his death, becomes Chicago's monument to him. People abroad do not hear much about that because its process is slow and its progress almost invisible, like the development of a chrysalis. Yet, feeding on garbled sensations about its carelessness in letting the wrong men get into its administrative offices at times, or about the abortive results of an honest effort to reform its taxing system, which in the end will put it ahead of other cities, they cannot escape the piquant flavor of Chicago or fail to sense its romance.

Having once been burned away and several times outgrown before it had Burnham's injunction to "Make no little plans," Chicago is rebuilding again. All the revelations of the past century are being used. Chicago goes around the world and picks the best here, the finest there, improves upon them and builds.

Its lake shore having been usurped, it went to engineers and ordered new shore lines, artistically more beautiful than nature's. Its front railroad buried itself and substituted clean electrical power for coal smoke. The family of one of its celebrated public men, Clarence Buckingham, built a fountain of marvelous beauty, the shimmer of its far-flung spray enhanced by lighting effects, so Buckingham fountain will be known the world over. With its central pool of about 300 feet in diameter and its tremendous flow of water which is four times as great in volume as the famous Latonia fountain in the Garden of Versailles, this fountain captures the imagination of all who gaze upon it.

The Field Museum put itself into a temple where vast spaces are filled with relics and curiosities of the lore of the earth's progress. It is now a magnificent marble structure costing approximately $7,500,000. Adjoining it, Chicago built Soldier Field stadium where the United States standing army can sit down, with space to spare for all the population of a good little city to sit and watch it. Such famous gatherings as the Eucharistic Congress, which brought 350,000 people from all parts of the world, the Army and Navy game attended by 154,000, the Dempsey-Tunney fight, the annual mid-summer music festival, parades, rodeos, and pageants of all kinds have since been staged within its giant columns.

Chicago saw a planetarium called a world wonder and constructed a better one. It viewed aquaria and then built one more marvelous than all others. Its late first citizen, Rosenwald, worked a score of years to find a way to depict man's industrial rise, and before his death he saw the last stone in place to preserve forever the beauty of the reconstructed Fine Arts building, occupying more ground than any other similar structure in the world, yet of such fineness and delicate artistry that each bit is as entrancing as the whole.

Of the transient things of life, Chicago has its share. Encircled by miles of public forests, it boasts high rank in theatrical productions. While it has nineteen miles of lake shore, people far and wide talk of its great motion picture houses with stage shows rivaling musical extravaganzas. It has nearly 200 golf courses, miles of bridle paths and settings for every known seasonal sport and diversion. It has great hotels, including the world's largest with 3,000 rooms, and the world's tallest with 44 stories.

Chicago is a city rich in history, showing a growth from a town of 30,000 to over 3,500,000 in less than the span of a life time, now a leader in trade, a capital of a great industrial and agricultural empire. It has earned for itself the title of the fifth largest city in the world and the second largest in the United States, with an area of more than 210 square miles. Excellent location, quantities of labor, power, raw materials, transportation facilities and available markets make it a leader in industry. The 1933 value of manufactured products exceeded $2,186,-230,353. This was supplemented by a retail business of $1,254,634,000 and a wholesale business of over $2,366,265,000.

This city is also the world's largest railroad center. Thirty-eight railroads, including twenty-three trunk lines, terminate within this area. There are also five other electric lines. Fourteen thousand miles of switching track, one-third of the belt line mileage of the United States, serves the local industries. Thirty bus lines from all over the country center in Chicago.

Educational facilities are exceptional and diversified. Last year there were approximately 200,000 students of higher education attending the universities and colleges in Chicago. There are ten of these major educational institutions, two of which are internationally known—the University of Chicago and Northwestern University. Chicago also possesses two other well known universities — Loyola and DePaul. There are 525 special and private institutions besides the public schools.

Chicago is definitely established as the air transport center of the nation. Eighteen air routes and passenger lines make 72 daily scheduled arrivals and departures on systems that total more than 20,000 miles in extent. The Chicago Municipal Airport occupies a space of about 640 acres.

Meat packing, food distribution and produce trade totals more than two million dollars yearly, maintaining for Chicago the title of the "bread basket" of the nation. In 1933, there were more than 8,316 manufacturing concerns and there is ample territory for further industrial expansion.

Chicago is a city among cities. To all those of the midlands of America who have not seen Chicago, a wonder is waiting. And on the occasion of the 42nd Annual Convention and 7th Credit Congress of the N. A. C. M., this city of Chicago will be its host.

Development Program is endorsed

H. T. Hadley,
Goodman Manufacturing Co.,
Chicago, Illinois.
Director, The Chicago A. C. M.

The Development Program of the National Association of Credit Men seems to be intelligently devised and entirely practical both from the standpoint of securing the necessary Fund and the allocation and administration of the Fund once it has been subscribed.

A successful working out of this program will go a long way toward enabling the National Association of Credit Men to realize its ideal of constructive service to American business. And, in view of the enthusiastic response with which announcement of the plan has been received everywhere, success seems assured.

P. M. Haight, Secretary-Treasurer,
International General Electric Company
New York, N. Y.
Past President, N. A. C. M.

The Development Program campaign has already been started by about half of our affiliated N.A.C.M. Associations. As soon as special circumstances delaying other associations are cleared up I know that the Development Program will be undertaken by these as well.

The Credit Men of America have a glorious and enviable record in cooperation for betterment of business and credit practices. They are meeting and will continue to meet every opportunity. The Development Program combines, in one unit, particular opportunities in several fields. I commend it to the membership of our Association.

S. T. Harwood,
Philadelphia & Reading Coal & Iron Co.
Chicago, Illinois.
Director, Chicago A. C. M.

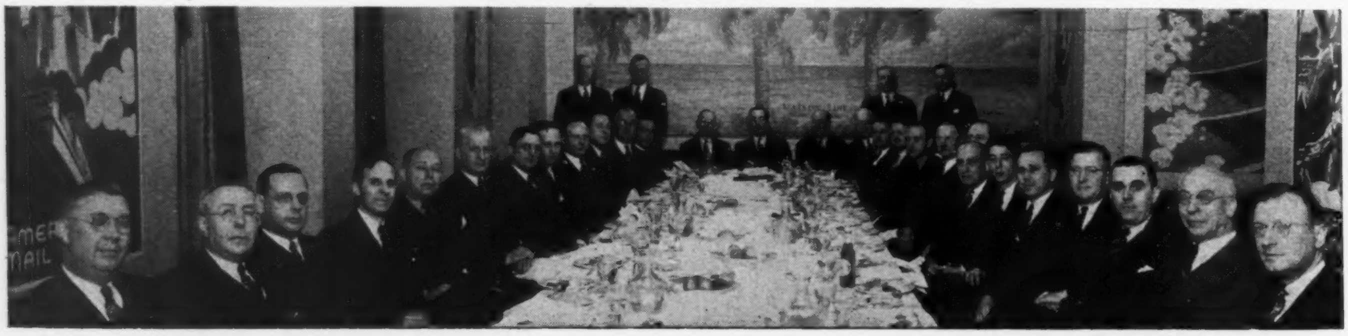
I firmly believe that the Development Program of the National Association of Credit Men merits the enthusiastic and financial support of American business.

The general welfare of credit in this country is too important to lag behind in the march of progress. Every dollar contributed toward the success of the Program will pay big dividends in both tangibles and intangibles. It is a wise and sound investment.

H. B. Holmes, Credit Manager,
John Deere Plow Company
Sioux Falls, South Dakota
Vice Pres., Sioux Falls A. C. M.

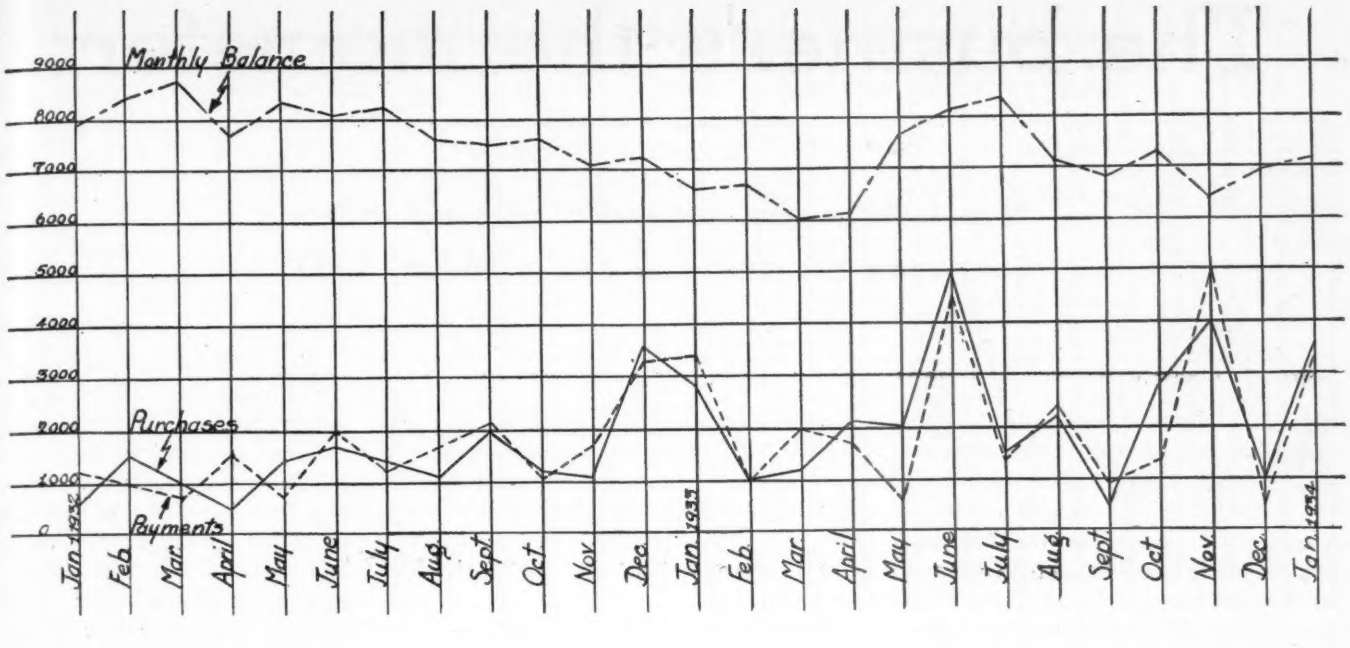
Not only is the purpose of the Development Program the long sought objective of every credit executive, but of far greater importance than that is its function in a more clear understanding of successful business fundamentals.

Under the courageous leadership of Mr. Heimann it is bound to bring home to every business institution a realization of the constructive purposes of our National Association. Every member should wholeheartedly support it.



Planning the Chicago Convention

LEFT TO RIGHT: (1) Ralph Dempsey, Link Belt Co., Caldwell-Moore Plant. (2) Herman H. Faulstich, Asst. Treas. and Vice Chairman Registrations Committee, with First National Bank of Chicago. (3) Allen Selby, Chairman Credit Congress of Industry Committee, with the Chicago Daily News. (4) J. E. Walsh, Oscar Mayer & Company. (5) M. E. Stern, Manager Collection Division C.A.C.M. (6) W. J. Claussen, Chairman Speakers & Program Committee, with Hibbard, Spencer, Bartlett & Co. (7) S. T. Harwood, Chairman Transportation Committee, with Philadelphia & Reading Coal & Iron Co. (8) W. H. Hottinger, Jr., Vice Chairman Finance & Budget Committee, with Bowey's, Inc. (9) Sig Overstraeten, Van Cleef Bros., Vice Chairman Reception & Information. (10) Don C. Campbell, Chairman Reception & Information Committee, with Continental Insurance Company. (11) A. L. Podrasnik, Chairman Luncheon, Dinners & Special Meetings Committee, with Times Publishing Corporation. (12) L. W. Brigham, Chairman Publicity Committee, with The Wahl Company. (13) H. H. Heimann, Executive Manager. (14) L. E. Schroeder, President C.A.C.M. and Chairman Executive Committee, with Geo. E. Watson Co. (15) Geo. M. Groves, Vice President C.A.C.M. and member Executive Committee, with Groves Shoe Company. (16) M. N. Ranseen, Carson Pirie Scott & Company. (17) H. P. Heaviside, Chairman Registrations Committee, with New Jersey Zinc Sales Co. (18) H. M. Driscoll, Chairman Hotels Committee, with National Boulevard Bank of Chicago. (19) L. T. Hadley, Chairman Entertainment Committee, with Goodman Mfg. Co. (20) W. F. Mechtel, Vice Chairman Entertainment Committee, with Best Brewing Co. (21) E. B. Moran, Manager Central Division. (22) E. M. Tourtelot, General Convention Chairman, National Director, with First National Bank of Chicago. (23) C. J. Hopkinson, Credit Group Secretary C.A.C.M. (24) A. T. Sundell, Manager, Credit Interchange Bureau C.A.C.M. (25) Carl M. Wolter, Manager Membership Service Dept. C.A.C.M. (26) J. J. Killacky, John Sexton & Co. (27) Sigmund Einstein, Past President C.A.C.M. (28) I. N. Haskell, Alfred Decker & Cohn, Inc. STANDING AT REAR: (29) J. F. O'Keefe, Secretary. (30) A. E. Halvorsen, Chairman Finance & Budget Committee, Treasurer C.A.C.M., with Lake Shore Trust & Savings Bank. (31) C. L. Bonson, Vice President C.A.C.M., with The Allen A. Company. (32) Knud Nielsen, Belden Manufacturing Co.



Graphing collections

by H. J. GAVIGAN, Credit Mgr., Great Western Electro-Chemical Co., Pittsburg, Cal.

Graphs as a collection medium may seem rather unusual, as at first thought the mention of graphs associates them with sales departments or stock market reports. We have however adapted a graph which has proven quite successful in our collection procedure.

During the banking debacle a good customer of ours was placed in straitened circumstances by the closing of its depository. Prevailing economic conditions prevented them from making any rapid progress in overcoming this setback. The result was that a prompt paying customer became slow, no longer paying statements but only paying on account. Our monthly statement grew voluminous and presented a conglomeration of figures that made it difficult to discern the debtor's efforts. These remarks are not intended to infer that statements are not of value, for statements do have a definite place in collection procedure.

The desire to keep the customer's business, the desire to keep the account reasonably current, and the desire to show them the trend of their buying and paying in a simple non-provoking manner, gave birth to the use of this graph. The results have proved to our satisfaction justification of its use.

It became apparent that our customer did not seem to have a complete perspective of the status of its account. We were well informed on conditions in their industry and our business relations were exceptionally friendly, which permitted a frank understanding, but our belief persisted that some detail had not been covered.

In our collection endeavors the latest statement was referred to with particular emphasis on the oldest items and efforts were directed to effect remittances based on the current conditions. On occasions mention was made of their paying records and the trend of the balance, from which was conceived the adaption of a graph to picturize the account over an extended period.

The graph, which was similar to the one illustrated, completely described to our customer the trend of its account. From this graph the amount of the indebtedness was brought forcefully but tactfully to their attention. No other way could have presented this information in so conclusive a manner which resulted in a plan for retiring the obligations that was mutually satisfactory. It is wholly unnecessary to dwell at length on the material assistance the trend of the balance shown by a graph can be in collection procedure.

The paying record, about which the debtor was not enthusiastic, was also under the spotlight and the practice of a substantial remittance at spasmodic intervals was discarded for an arrangement of payments in specific amounts at definite periods.

To enable an account to conform to a schedule of payments it may necessitate a realignment of the buying periods and for that reason we have incorporated the trend of purchases in this graph. Then too the inclusion of the buying record emphasizes the paying record and each one forms a component part in the graph to substantiate the balance trend.

The use of this graph will bring pertinent facts before the debtor and creditor quickly and will supplement the general knowledge of conditions surrounding an account thereby permitting a more thorough understanding on both sides.

Aside from the collection procedure we have found this graph very useful in presenting a clear concise picture of an account to our executives which can be easily and quickly understood without devoting valuable time pouring over ledger sheets.

The business thermometer:

Manufacturers and wholesalers sales and collections show rise over year ago in March, 1937

Total net sales and collections on accounts receivable showed substantial improvement during March 1937 for the group of manufacturers reporting in the monthly joint study of the National Association of Credit Men and the Bureau of Foreign and Domestic Commerce, Department of Commerce. This is a continuation of the gains in sales and higher rates of collection recorded by this group of manufacturers for each month since January 1936 when compared with the same month in the previous year.

The total net sales of the 564 manufacturers throughout the country reporting in March 1937 registered an increase of 31.4 percent from March 1936. Without adjustment for seasonal influences, March 1937 sales registered an increase of 19.3 percent from February of this year.

Total sales increased in March 1937 over the same month last year for all of the 15 industry groups shown in the report. The increases ranged from 2.4 percent for printing and publishing to 74.7 percent for non-ferrous metals and their products. The increases in March 1936 for forest machinery also were high, the increases exceeding 40 percent.

Percentages of collections on accounts receivable submitted by 508 manufacturers were higher for March 1937 than for March a year ago and February this year. During March this year the manufacturers reporting collected 82 percent of their accounts receivable outstanding on the first of that month as compared with 76.4 percent collected during March of last year and 75.5 percent collected during February of this year.

In reflecting the average experience of the reporting establishments the median percentage has been selected as the most suitable average. This average gives equal weight to all firms regardless of the volume of business done as the figure is obtained by arranging the individual collection percentages in order of size and selecting the middle item. This procedure tends to minimize fluctuations.

Eleven of the 15 industry groups shown reported a higher average collection percentage for March 1937 than for March 1936. The leather and its products group registered the greatest relative increase in collections over this period.

The highest collection percentages were reported by the meat packing industry, the figures for each of the three months covered exceeding 100 percent, indicating that customers of these firms took less than 30 days on the average to pay for their purchases. The percentage of 180.1 for March 1937 indicates that the accounts owing to these firms on March 1 were paid on an average of 16.7 days.

Value of wholesale trade increased substantially in March 1937 from March 1936 and collections on accounts receivable were made at a higher rate over this period, according to reports of wholesalers in the monthly joint study of the National Association of Credit Men and the Bureau of Foreign and Domestic Commerce, Department of Commerce.

Total net sales of 1,212 reporting wholesalers increased 24 percent in March 1936, a continuation of a change recorded for every month since the beginning of the study in January 1936. Without adjustment for seasonal influences, March 1937 sales registered an increase of about 22 percent from February of this year.

All of the wholesale trade groups shown in this report had increased sales in March this year over the same month last year with durable and semi-durable goods showing the most favorable improvement and consumption goods the least favorable improvement. The increases ranged from 9.4 percent for clothing and furnishing to 82.5 percent for plumbing and heating equipment and supplies. Electrical goods, jewelry, and metal wholesalers averaged increases in sales of over 40 percent. In comparison with February 1937, all of the groups showed increases.

Results presented separately by certain geographical regions indicate that sales in March as compared with March a year ago increased in most all sections of the country for the wholesale trade groups shown. Increases greatly in excess of the average for certain trades were shown in a number of regions, particularly in the East North Central, East South Central, and Pacific States.

Percentages of collections on accounts receivable submitted by 683 wholesalers were higher in March this year than in March last year and February this year. In March 1937, 77.6 percent of accounts receivable were collected as compared with 70.1 for March last year and 70.7 percent for February this year.

Fifteen of the 19 wholesale groups reporting showed a higher average collection percentage for March 1937 than for March 1936. The greatest relative increase in collections from a year ago was registered by wholesalers of meats and meat products.

The highest collection percentage for March 1937 was shown by the meats and meat products group, the median collection figure being 119.1 percent for that month. This percentage indicates that customers of these firms took less than thirty days on the average during March to pay for their purchases.

Detailed figures are presented in the following tables and chart:

Sales and collections on accounts receivable of reporting WHOLESALERS in 20 kinds of business March 1937

Kinds of business	Number of firms reporting sales	Sales reported: Mar. 1937 percentage change from: Mar. 1936	Feb. 1937	Thousands of dollars: Mar. 1937	Mar. 1936	Feb. 1937	Number of firms reporting collections	Percent* of collections during month to accounts receivable at beginning of month — Median percentages: Mar. 1937	Mar. 1936	Feb. 1937
Automotive supplies	65	+18.7	+14.6	2,351	1,981	2,051	30	59.3	59.7	57.1
Clothing and furnishings, except shoes	21	+ 9.4	+18.1	2,791	2,552	2,364	10	56.0	43.3	45.2
Shoes and other footwear	41	+36.4	+36.5	18,439	13,517	13,513	14	39.2	45.8	33.2
Coal**	—	—	—	—	—	—	—	—	—	—
Drugs and drug sundries	149	+12.2	+ 9.6	21,803	19,424	19,902	89	79.0	69.6	76.6
Dry goods	93	+11.1	+11.6	14,140	12,726	12,666	34	44.5	44.3	39.4
Electrical goods	88	+47.3	+37.3	12,078	8,200	8,800	26	84.0	79.3	78.2
Farm products (consumer goods)	25	+14.1	+22.9	3,219	2,821	2,620	25	119.1	106.0	106.7
Furniture and house furnishings	30	+27.1	+29.8	2,389	1,879	1,841	16	50.3	45.7	44.5
Groceries and foods, except farm products	289	+18.8	+15.9	41,475	34,907	35,780	194	100.6	94.6	93.0
Meats and meat products	19	+20.7	+10.5	8,912	7,384	8,064	17	128.1	104.0	120.5
Hardware	138	+32.4	+38.6	20,821	15,727	15,017	49	52.6	50.0	48.2
Jewelry and optical goods	16	+81.6	+48.1	1,028	566	694	4	—	—	—
Lumber and building material	17	+24.9	+38.7	1,212	970	874	16	64.8	56.3	60.3
Machinery, equipment and supplies, except electrical	26	+27.1	+19.0	2,976	2,341	2,500	22	75.0	72.5	64.5
Metals	8	+71.0	+50.4	513	300	341	8	71.5	65.9	59.5
Paints and varnishes	7	+29.8	+39.6	1,726	1,330	1,236	7	51.0	51.7	52.2
Paper and its products	66	+29.6	+18.0	4,985	3,846	4,225	39	76.5	70.0	69.0
Petroleum and its products**	—	—	—	—	—	—	—	—	—	—
Plumbing and heating equipment and supplies	65	+82.5	+39.7	3,669	2,010	2,627	37	68.0	59.5	62.0
Tobacco and its products	8	+13.0	+16.4	704	623	605	8	107.5	108.6	109.0
Miscellaneous, total	41	+21.0	+21.6	8,711	7,198	7,164	38	64.3	61.4	54.7
Leather and shoe findings	13	+19.3	+ 7.4	291	244	271	10	42.0	39.5	40.0
Beer, wine and spirituous liquors**	—	—	—	—	—	—	—	—	—	—
Total	1,212	+24.0	+21.7	173,942	140,302	142,884	683	77.6	70.1	70.7

*These figures should not be related to sales figures for current month. They represent only ratio of collections during that month to accounts receivable at beginning of month. The wide differences existing between the percentages for various kinds of business are due principally to variations in terms of sales.

**Insufficient number of reports at present to show results separately; figures now included with Miscellaneous.

Sales and collections on accounts receivable of reporting MANUFACTURERS in 15 industries March 1937

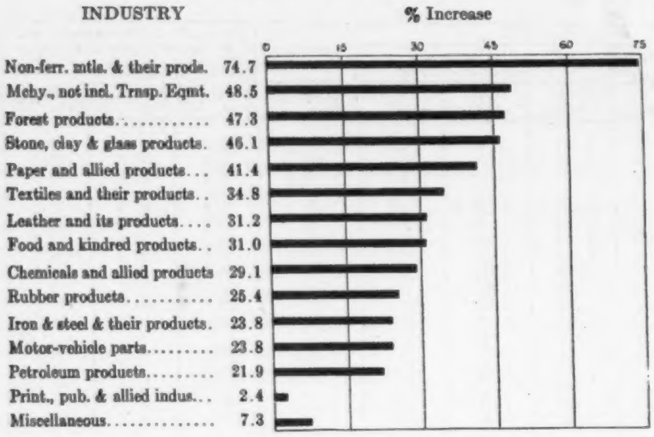
Industry	Number of firms reporting sales	Sales reported: Mar. 1937 percentage change from: Mar. 1936	Feb. 1937	Thousands of dollars: Mar. 1937	Mar. 1936	Feb. 1937	Number of firms reporting collections	Percent* of collections during month to accounts receivable at beginning of month — Median percentages: Mar. 1937	Mar. 1936	Feb. 1937
Food and kindred products, total	124	+31.0	+25.6	29,235	22,314	23,273	90	115.0	101.4	106.0
Confectionery	42	+21.3	+10.4	3,885	3,204	3,518	10	115.5	106.0	109.0
Flour, cereals, and other mill products	16	+19.4	+11.2	7,410	6,204	6,666	16	125.5	99.5	110.7
Meat packing	16	+20.6	+12.2	5,060	4,195	4,508	16	180.1	155.8	154.7
Textiles and their products, total	76	+34.8	+20.9	20,358	15,099	16,838	74	66.1	68.5	64.1
Clothing, men's, except hats	21	+20.6	+29.3	4,824	3,999	3,732	20	52.5	56.0	53.3
Clothing, women's, except millinery	16	+17.0	+16.0	2,325	1,988	2,004	16	75.4	72.3	65.3
Knit goods	11	+17.5	+22.6	2,051	1,746	1,673	12	55.0	64.5	59.0
Forest products, total	29	+47.3	+14.7	2,546	1,729	2,220	27	62.7	59.3	57.0
Furniture	22	+40.1	+13.3	1,939	1,384	1,712	20	60.0	59.2	52.7
Lumber, timber and other miscellaneous forest products	7	+75.9	+19.5	607	345	508	7	64.1	60.8	61.6
Paper and allied products, total	61	+41.4	+15.8	12,423	8,788	10,726	51	94.5	80.0	81.0
Paper, writing, book, etc.	11	+33.3	+20.6	3,629	2,723	3,009	10	97.1	94.1	90.6
Paper boxes and other paper products	31	+44.5	+17.6	7,035	4,870	5,983	26	99.1	87.2	91.5
Wall paper	19	+47.2	+ 1.4	1,759	1,195	1,734	15	39.6	26.2	38.3
Printing, publishing and allied industries	8	+ 2.4	+30.8	382	373	292	8	78.4	81.2	69.0
Chemicals and allied products, total	41	+29.1	+19.6	11,273	8,732	9,422	40	67.9	70.3	63.2
Paints and varnishes	21	+30.1	+30.2	2,769	2,128	2,126	20	48.1	46.1	46.0
Pharmaceuticals and proprietary medicines	12	+14.6	+10.1	3,562	3,108	3,236	12	78.8	75.9	76.8
Petroleum products	11	+21.9	+19.4	31,367	25,733	26,273	11	77.8	79.8	73.0
Rubber products	9	+25.4	− 4.6	1,657	1,321	1,736	9	80.0	77.0	68.5
Leather and its products, total	29	+31.2	+ 7.6	10,704	8,161	9,952	27	68.0	55.0	60.0
Boots and shoes	19	+22.3	+ 5.9	8,413	6,878	7,941	18	45.3	41.9	42.0
Stone, clay and glass products	18	+46.1	+19.7	7,857	5,378	6,565	22	81.3	80.8	70.1
Cement**	—	—	—	—	—	—	—	—	—	—
Iron and steel and their products, total	54	+23.8	+24.5	44,853	36,237	36,034	51	85.7	82.7	32.0
Hardware	11	+72.3	+18.5	3,509	2,037	2,962	11	88.0	87.0	76.9
Stoves, ranges and steam heating apparatus	7	+69.8	+ 6.5	803	473	754	7	43.4	45.0	41.0
Other iron and steel products	37	+20.2	+25.4	40,541	33,727	32,318	33	91.0	85.0	37.8
Non-ferrous metals and their products	12	+74.7	+17.8	4,608	2,637	3,912	12	95.8	91.1	69.7
Machinery, not including transportation equipment, total	46	+48.5	+22.5	34,227	23,052	27,943	42	81.0	79.6	76.8
Electrical machinery, apparatus and supplies	17	+46.4	+16.5	24,329	16,620	20,886	17	97.8	85.7	82.0
Other machinery: foundry products	29	+53.9	+40.3	9,898	6,432	7,057	25	80.3	75.0	71.4
Motor-vehicle parts	13	+23.8	− .3	6,342	5,123	6,359	12	86.4	91.7	85.8
Miscellaneous industries	33	+ 7.3	+ 1.4	6,722	6,267	6,626	32	75.4	67.1	62.9
Total	564	+31.4	+19.3	224,554	170,944	188,171	508	82.0	76.4	75.5

*These figures should not be related to sales figures for current month. They represent only ratio of collections during that month to accounts receivable at beginning of month.

**Insufficient number of reports at present to show results separately; figures now included with industry group total.

PERCENTAGE OF INCREASE IN SALES OF 564 MANUFACTURERS IN 15 INDUSTRIES

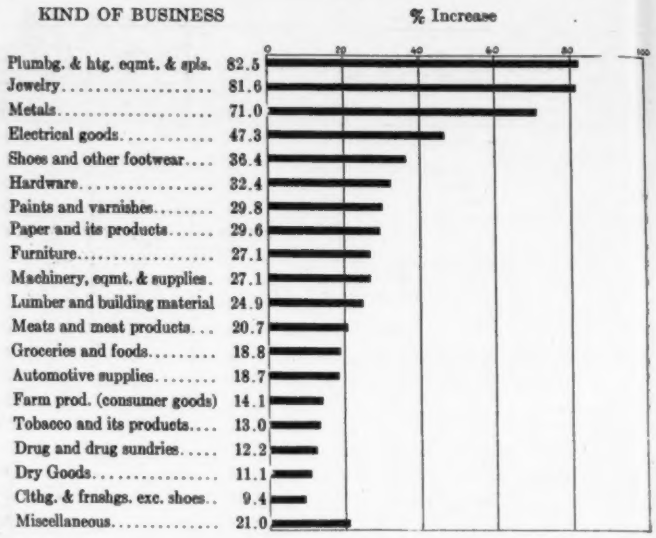
MARCH 1937 COMPARED WITH MARCH 1936



Source: Marketing Research Division, Bureau of Foreign and Domestic Commerce

PERCENTAGE OF INCREASE IN SALES OF 1212 WHOLESALERS IN 20 KINDS OF BUSINESS

MARCH 1937 COMPARED WITH MARCH 1936



Sales and collections on accounts receivable of reporting WHOLESALERS in 9 kinds of business, by geographic regions March 1937

(Results shown only for those trades having a sufficient number of reports for one or more regions*)

Kind of business and region	Number of firms reporting sales	Sales reported: Mar. 1937 percentage change from: Mar. 1936	Feb. 1937	Thousands of dollars: Mar. 1937	Mar. 1936	Feb. 1937	Number of firms reporting collections	Percent* of collections during month to accounts receivable at beginning of month — Median percentages: Mar. 1937	Mar. 1936	Feb. 1937
Automotive supplies, total	65	+18.7	+14.6	2,351	1,981	2,051	30	59.3	59.7	57.1
Pacific	36	− 3.4	+ 5.7	719	744	680	—	—	—	—
Shoes and other footwear, total	41	+36.4	+36.5	18,439	13,517	13,513	14	39.2	45.8	33.2
Middle Atlantic	11	+ 7.0	+25.2	1,321	1,235	1,055	—	—	—	—
West North Central	7	+46.0	+40.5	13,608	9,320	9,682	—	—	—	—
Drugs and drug sundries, total	149	+12.2	+ 9.6	21,803	19,424	19,902	89	79.0	69.6	76.6
Middle Atlantic	22	+ 5.8	+ 6.8	4,214	3,983	3,944	17	80.6	77.0	76.6
East North Central	24	+20.3	+11.3	3,371	2,801	3,030	14	90.0	91.0	87.5
West North Central	16	+ 2.7	+11.8	2,414	2,350	2,159	—	—	—	—
South Atlantic	24	+24.0	+10.7	2,275	1,834	2,055	17	86.0	85.0	82.0
East South Central	15	+16.2	+11.8	1,785	1,536	1,597	—	—	—	—
West South Central	24	+ 4.2	+ 4.2	3,107	2,982	2,981	12	77.8	74.5	77.4
Mountain	9	+20.4	+11.0	992	824	894	—	—	—	—
Pacific	14	+18.2	+13.3	3,124	2,643	2,758	—	—	—	—
Dry goods, total	93	+11.1	+11.6	14,140	12,726	12,666	34	44.5	44.3	39.4
Middle Atlantic	17	+ 6.9	+ 8.1	2,110	1,974	1,952	—	—	—	—
East North Central	10	+20.3	+21.8	1,435	1,193	1,178	9	46.0	44.0	43.3
South Atlantic	13	+ 4.6	+22.9	1,378	1,318	1,121	—	—	—	—
East South Central	12	+18.8	+14.4	1,532	1,290	1,339	—	—	—	—
West South Central	14	+ 6.6	+13.0	1,755	1,646	1,553	—	—	—	—
Pacific	11	+ 9.7	+30.5	825	752	632	—	—	—	—
Electrical goods, total	88	+47.3	+37.3	12,078	8,200	8,800	26	84.0	79.3	78.2
East North Central	41	+68.9	+49.1	5,147	3,047	3,452	—	—	—	—
Pacific	19	+12.9	+26.7	3,190	2,826	2,518	—	—	—	—
Groceries and foods, total	289	+18.8	+15.9	41,475	34,907	35,780	194	100.6	94.6	93.0
Middle Atlantic	57	+15.1	+18.2	11,545	10,029	9,766	39	95.4	93.0	87.0
East North Central	64	+22.7	+16.0	9,295	7,573	8,012	52	95.4	89.7	90.0
West North Central	43	+13.1	+19.2	4,646	4,108	3,898	25	103.0	103.0	100.0
South Atlantic	31	+20.4	+15.3	2,319	1,926	2,012	20	121.9	95.1	95.4
East South Central	14	+18.6	+25.2	849	716	678	—	—	—	—
West South Central	33	+17.7	+14.6	3,888	3,303	3,394	30	99.0	97.0	93.2
Pacific	35	+27.6	+ 9.7	6,820	5,344	6,215	13	110.0	102.0	109.0
Hardware, total	138	+32.4	+38.6	20,821	15,727	15,017	49	52.6	50.0	48.2
Middle Atlantic	26	+24.5	+36.4	1,779	1,429	1,304	—	—	—	—
East North Central	21	+28.4	+42.6	4,495	3,502	3,153	9	52.6	48.5	53.3
West North Central	19	+12.3	+26.1	2,741	2,441	2,174	11	46.0	48.0	40.0
South Atlantic	19	+29.8	+36.9	1,591	1,226	1,162	16	51.0	50.8	46.1
East South Central	14	+33.2	+27.1	2,391	1,795	1,881	—	—	—	—
West South Central	16	+20.2	+17.2	1,475	1,227	1,258	—	—	—	—
Pacific	17	−21.2	+56.5	5,732	7,270	3,662	—	—	—	—
Paper and its products, total	66	+29.6	+18.0	4,985	3,846	4,225	39	76.5	70.0	69.0
Middle Atlantic	19	+28.7	+23.1	1,725	1,340	1,401	—	—	—	—
East North Central	15	+34.1	+14.0	1,799	1,342	1,578	15	80.6	69.0	74.1
Plumbing and heating equipment and supplies, total	64	+83.1	+39.6	3,636	1,986	2,604	37	68.0	59.5	62.0
Middle Atlantic	25	+84.2	+13.3	923	501	815	10	58.6	47.0	57.9
South Atlantic	15	+52.4	+38.7	573	376	413	—	—	—	—
Pacific	9	+135.1	+78.8	964	410	539	—	—	—	—

*States comprising regions: New England (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont)
Middle Atlantic (New Jersey, New York, Pennsylvania)
East North Central (Illinois, Indiana, Michigan, Ohio, Wisconsin)
West North Central (Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota)
South Atlantic (Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia)
East South Central (Alabama, Kentucky, Mississippi, Tennessee)
West South Central (Arkansas, Louisiana, Oklahoma, Texas)
Mountain (Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming)
Pacific (California, Oregon, Washington)

Congress Groups

(*Cont'd from P. 17*) men from various parts of the country.

A dialogue discussion, "Mr. Buyer Goes to Town," will dramatize the proper handling of a customer who takes discounts late. The "shop talk" session will consider such things as "The Credit Outlook for the Next Two or Three Years;" "Methods of Opening New Accounts and Fixing Credit Limits;" "Present Day Problems in Credit Appraisal and Handling of Accounts;" "Do The Old Time Fundamentals Still Apply?" "The Trade Group—Its Benefits to Industry Generally and to Its Individual Members—How to Organize One."

Electrical and Radio

The individual interests of the Electrical and Radio Group are provided for during the Credit Congress of Industry according to announcement by Howard S. Almy, of Collyer Insulated Wire Co., Pawtucket, national chairman.

Howard S. Almy

He said that this year's program calls for a diversified schedule of subjects, and that representative speakers would discuss those subjects which are particularly timely and pertinent to the industry at the present time. There is to be at least one session devoted to individual meetings of the several branches of the industry at which time the members are to discuss matters of particular interest to them.

He is now considering the selection of an especially well informed speaker to present the statistical picture of the electrical jobbing business, and give suggestions for the analysis of financial and operating statements.

Re-Inforcing and Bar Steel

There will be two sections of the Re-Inforcing & Bar Steel Group program—the first section being a joint meeting with the Cement Credit Group, beginning at 10:00 o'clock, Tuesday morning, June 22, 1937.

Robert Young

The first section will be an address by a speaker on current legislation of vital interest to both groups.

This section of the program is scheduled to terminate at approximately 11:00 o'clock A.M., at which time, the two groups will go into separate meetings for a discussion on their respective problems.

The Secretary of the Groups will act as chairman of this first section.

The program for the second section under the chairmanship of Robert Young, Bethlehem Steel Company, Bethlehem, Pennsylvania, follows:

1. Discussion on Report System—general comments, criticisms, changes, etc.
2. Discussion—possibility of increasing membership and broadening activities of the Group.
3. Comments by the Secretary.
4. Discussion on new and pending legislation and action to be taken.
5. General discussion on any subject recognized by the Chair.
6. Election of Chairman of year 1937-38.

Wholesale Liquor Dealers

G. Fein, Gold Seal Liquors, Inc., Chicago, who last month assumed the national chairmanship of the Wholesale Liquor Dealers Credit Group, has done effective work and has prepared a sound program which will be of vast interest and help to all members.

G. Fein

Emphasis during his group sessions will be placed upon four subjects:

"What the Credit Man Can Do to Improve the Working Capital Position of His Firm."

"Will Uniform Terms Improve Our Situation?" a vital subject just now.

"Credit Cooperation to Eliminate Losses"

"How to Stop the Donation Racket"

Insurance

Disappearing customers' assets and how their replacement can be guaranteed will be the subjects of prepared talks by prominent speakers at the forthcoming Credit Congress of Industry as the major part of the Insurance Group program.

Don C. Campbell

Delegates to the 42nd Annual Convention of the National Association of Credit Men are cordially invited to attend this forum by National Chairman Don C. Campbell, Fidelity-Phenix Fire Insurance Co., and hear what can be done to check a substantial part of the tremendous credit losses to business, which have amounted to over three billion two hundred millions of dollars in the last five years.

Important forms of insurance will be clearly and impartially explained by qualified experts. Careful attention will be given to available coverages now as Extra Expense Insurance, Vandalism and Malicious Mischief, Non-ownership Liability, Occupational Disease, Fidelity Bond and Business Life, with floor discussions following each subject. These matters of vital importance to the credit man not only on the part of his customers, but for the benefit of his own firm as well will be covered.

Insurance coverages of the customer is of extreme importance when appraising a financial statement.

Paint, Varnish and Lacquer

The Credit Executives of the Paint, Varnish and Lacquer Industry will be called together in a joint meeting of the Trade Sales Division and the Industrial Sales Division of the industry on Monday afternoon, the first day of the Credit Congress of Industry. This joint meeting will be called to order by L. E. Schroeder, vice president of Geo. E. Watson Co., who is also serving as this year's co-chairman of the trade sales division.

Fred J. Hamerin

As president of The Chicago Association of Credit Men, convention hosts, Mr. Schroeder will present Ernest T. Trigg, president of the National Paint, Varnish and Lacquer Association, and R. K. Shannon, secretary of the local association program committee of the National Paint, Varnish & Lacquer Association.

Carl E. Lueders, vice president, Sunnyside Oil Company, co-chairman of the Trade Sales Division session, will then present an outline of the program scheduled for this division for Tuesday and Wednesday afternoon and National Chairman, F. J. Hamerin, Lilly Varnish Co., Indianapolis, will present the program scheduled for the Tuesday and Wednesday afternoon sessions of the Industrial Sales Division.

The national credit service program for the two divisions will be carefully reviewed and the activities of the industry's Credit and Collections Committee for the ensuing year will be established at this Monday afternoon session. It is urged therefore that every member of this committee make plans now to attend the convention.

Mr. Trigg has followed closely the activities of the industry's credit and collection committee for the past three years in the devolopment of the national credit service program, utilizing the services of the affiliated bureaus of the National Association of Credit Men. He is to report on the past records and accomplishments of this committee up to the present time and present constructive recommendations for the future.

Mr. Shannon who has actively sponsored the industry's local paint club program will cover the credit service progams that have been presented to the members of the industry and suggest recommendations for furthering this work.

Everyone in attendance can be assured that no problems of the industry's credit work will be overlooked in the program. It is now complete and waits only the ap-

proval of the steering committee of the National Paint, Varnish and Lacquer Association, Credit and Collections Committee.

The members of the steering committee are: F. J. Hamerin, chairman, Lilly Varnish Co., Indianapolis; J. A. Fueglein, Louisville Varnish Co., Louisville; B. G. McFadden, Pratt & Lambert, Inc., Buffalo; T. G. Murphey, Sherwin-Williams Co., Cleveland; H. E. Rhell, John T. Lewis & Bro. Co., Philadelphia; L. E. Schroeder, Geo. E. Watson Co., Chicago; and C. H. Sondhaus, National Lead Co., San Francisco.

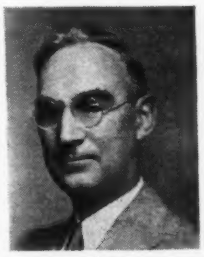
There is every indication at the present time that the June meeting will be the largest ever held at a Credit Congress of Industry of the National Association of Credit Men. This will explain the importance to every credit executive of the Paint, Varnish & Lacquer Industry of attendance at the meetings scheduled.

Registrations are assured from more than 100 credit executives in the Chicago area alone and the positive interest shown by the members of the Industry's Credit and Collections Committee in all of the principal markets of the country will bring a registration at our group session of almost three times registrations now recorded.

Footwear

According to advance reports the Footwear Credit Group is to have one of the most distinguished groups of the Credit Congress of Industry next June.

Advance information reaching its National Chairman William A. Hodges of Edwin Clapp & Son, East Weymouth, assures an exceedingly large attendance from all markets, the presence of one former national president and the current incumbent of that office, "Ed" Pilsbury, D. Rosenberg & Sons, New Orleans. The past president who will be present is Fred Roth, Cleveland, president, Whitney-Roth Shoe Company.



W. A. Hodges

George M. Groves, president, Groves Shoe Company, Chicago, is active in creating interest in the forthcoming meeting and has received favorable reports from many markets. Art Schmidt, Huth & James Shoe Company, Milwaukee, president of the Milwaukee Shoe Group, has assured him of the active support of the Milwaukee Group. And so has E. J. Koenigkramer, Friedman-Shelby, branch, International Shoe Company, St. Louis. Horace Collingsworth, Gramling-Collingsworth Company, Atlanta, is another well known shoe man who will be present.

Shoe men from many Ohio cities are also coming to the convention.

During the program subjects that all shoe houses are interested in will be discussed and after each address there will be a round table session at which time the pros and cons of the subject will be debated.

Mr. Hodges announces the appointment of Geo. M. Groves, Groves Shoe Company, Chicago, and E. J. Ball, Central Shoe Company, St. Louis, Mo., as Vice-Chairmen.

Iron and Steel

The Iron and Steel Credit Group under the capable direction of J. N. Moylan of the American Steel & Wire Co., Chicago, are really "going to town" during the forthcoming Credit Congress of Industry meetings.

A well rounded program has been prepared, but what is more, enthusiasm among industry members is running high. Apparently, here is a group that in attendance will, like the convention, make an all time high.

J. N. Moylan

For the entire duration of the 42nd convention, the Iron and Steel Group will maintain headquarters in the Stevens where group members and their friends are invited to gather at any time of day or night.

Besides Mr. Moylan, hosts will be the group's vice chairmen: Edward P. Foley, credit manager, Republic Steel Corporation, Cleveland; Paul W. Miller, vice president, Atlantic Steel Company, Atlanta; T. J. Sullivan, assistant secretary, Inland Steel Company, Chicago; J. B. Sugden, credit manager, Youngstown Sheet & Tube Company, Youngstown; G. L. Edwards, treasurer, U. S. Steel Corporation, New York City; and T. J. Digan, credit manager, U. S. Steel Products Co., New York City.

"It is confidently expected that the several trade groups within the Iron and Steel Industry will join with the general Iron and Steel group in making 'real' the warm welcome extended to all members of this group and allied groups, so that the June convention of the National Association of Credit Men will be memorable in many ways," Mr. Moylan said in announcing convention plans.

An important place on the Credit Congress program of the Iron and Steel men is given to "The Growth of Field Warehousing and Its Credit Significance." Field warehousing is a rather new development in the middlewest and it is of extreme importance and great interest, at this particular time, because of the tremendous demand existing for merchandise and the rapid price advances.

Chris M. Smits, vice president in charge of credits, Continental-Illinois National Bank & Trust Company of Chicago, will present the subject. Mr. Moylan describes Mr. Smits as a highly capable man with a charming personality and a wealth of experience to draw on, so it is apparent that this new subject is going to be handled "to the queen's taste."

National Co-Vice Chairman Edward P. Foley is to speak on "The Advantages of Credit Control Measures within an Industry."

"The Business Outlook" will be discussed by W. S. McKee, manager of credits, Jones & Laughlin, Inc., Pittsburgh.

Brewers and Beer Distributors

R. P. McCarter, Atlas Brewing Company, Chicago, has spent considerable time in conference and in correspondence, building a program which will serve the specific needs of the Brewers and Beer Distributors Group of which he is national chairman. Topics which will be discussed during the credit group sessions include:

R. P. McCarter

"Will a Consolidated National Exchange of Credit Information Benefit Both Shipping Brewers and the Local Distributor?"

"Don't Be a Credit Cream Puff"

"Why Cincinnati Brewers and Distributors Found It Necessary to Organize a Credit Bureau"

"What Are the Functions of a Credit Bureau? How Far Should a Bureau Go?"

"What We On the West Coast Are Doing to Eliminate Credit Abuses"

"What Does It Profit a Man If He Sells His Entire Output and Fails to Collect?"

"What We, the Distributors Expect from Our Brewery in Credits"

"What I Believe the Distributor Can and Should Do to Increase His Working Capital"

Drugs and Chemicals

When the Drug and Chemical Manufacturers Credit Group meet for their Credit Congress of Industry sessions, they will be called to order by National Chairman H. W. Milette, Nyal Company, Detroit.

Nine major topics have been selected for discussion during the meetings and appropriate discussion leaders have been selected to handle them.

H. W. Milette

Because of tight bank credit, Factoring has been making rapid strides in recent months, and this subject and its credit significance is to come in for a thorough airing.

Current developments within the industry will receive extended consideration during the meetings as well as ways and means of preventing failure and building successful merchants.

"The Future of Credit Control," the "Outlook for Business" and "Inflation—Its Import and Prevention" are on the docket.

Credit subjects for the consideration of the drug and chemical manufacturers include: "The (*Cont'd on P. 46*)

This month's collectors:

Submitted for the approval of our readers

by CHARLES M. BENNETT, Credit Manager, Rival Foods, Inc., Cambridge, Mass.

Dear Sir:

Time marches on!

The year 1937 moves forward. The old year is out of existence and forgotten. May this be the opportune time to refer to the unpaid charges in 1936.

We know that it will be your pleasure to join the forward movement, and respond.

Our thanks are extended in anticipation of your co-operation.

Very truly yours,

by W. T. WHITLEY, Credit Manager, Wurzburg Brothers, Memphis, Tenn.

Gentlemen:

Mark Twain once said:

"An injurious truth has no more merit than an injurious lie. Neither should ever be uttered."

What I am about to say to you is the simple truth, but not injurious now.

Your account is past due. Injury to both of us will result if you allow it to become more delinquent. The injury to you is that your good credit will be impaired; the injury to us is that we are and will continue to be deprived of the use of our money.

The amount is $24.06. Won't you send it now?

Sincerely yours,

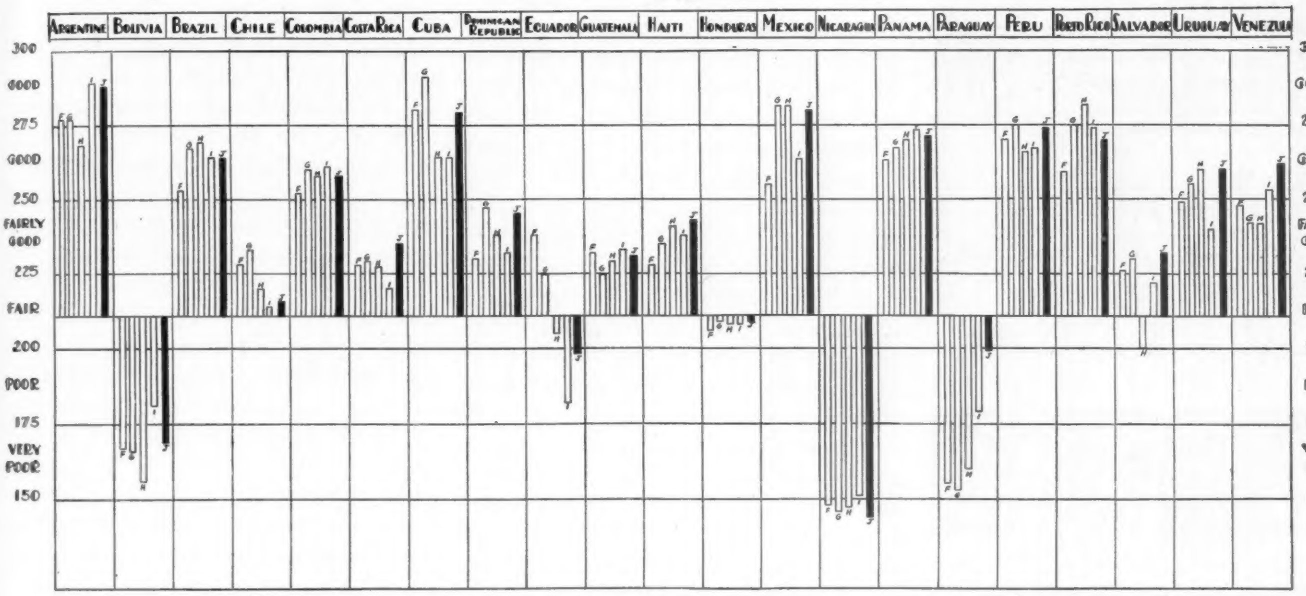
"Each month I look forward eagerly to the arrival of my copy of "Credit and Financial Management," as I find that the information it contains is most helpful to me in my work. Of particular interest are the collection letters that this publication contains, which are submitted for the approval of your readers by its subscribers," Mr. Whitley writes in submitting his letter.

"I would like to make my contribution and am attaching a letter that I have used very successfully. This letter contains an appeal that is not usually ignored. I shall be very happy if any of your other subscribers find it helpful."

A great deal of collection letter-writing, however, can be obviated if proper care is taken in analysis of the credit responsibility of the buyer. The most fundamental, up-to-date method ever devised for knowing just how worthy your credit applicant is as a risk has achieved foremost standing because it is based on the current paying record. There is no substitute for Credit Interchange Reports.

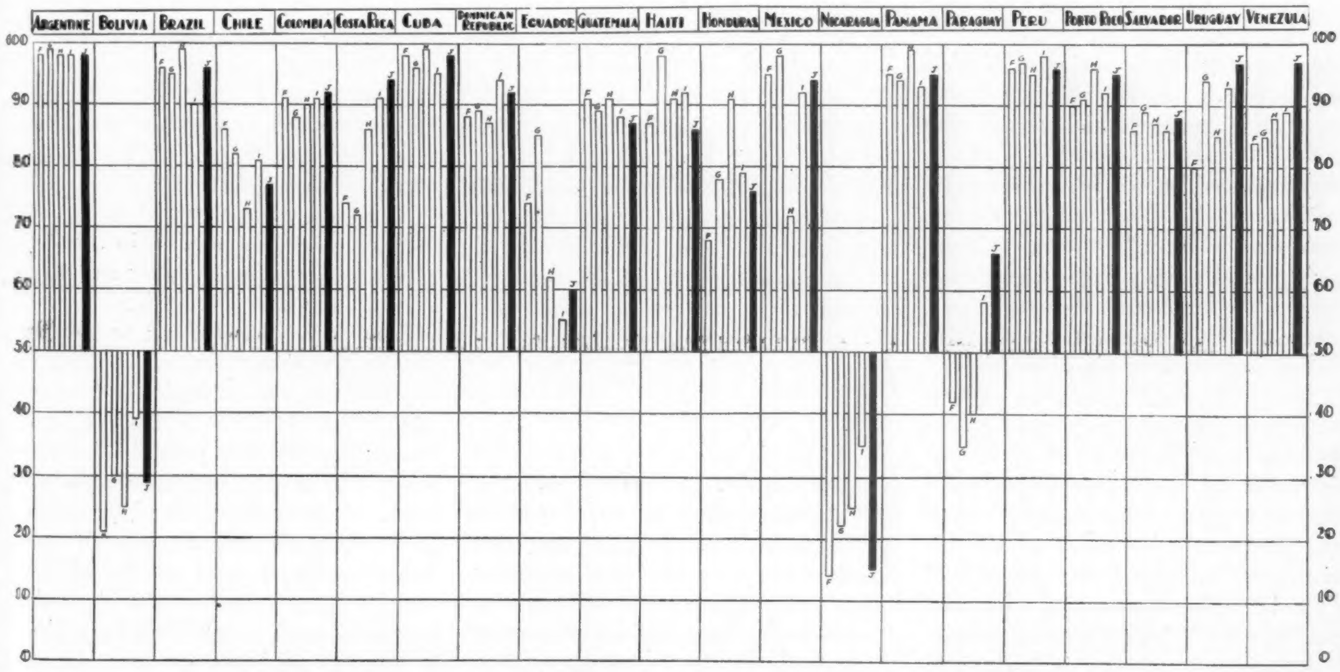
Latin-American credit and collection survey

by WILLIAM S. SWINGLE, Director, Foreign Department, N. A. C. M.



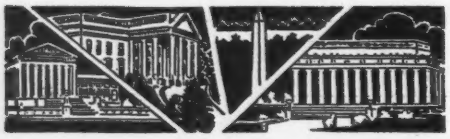
Collection conditions in twenty-one Latin-American countries at five different periods. The scale numbers are based on the percentage of reports of prompt collections for each country in each survey (below).

Credit conditions in twenty-one Latin-American countries scaled on the basis of the credit condition index figures which express mathematically the combined opinions of individual reports on each country (above).



KEY—F: 1st Quarter, 1936; G: 2nd Quarter; H: 3rd Quarter; I: 4th Quarter; J: 1st Quarter, 1937.

CAPITAL LETTERS



Being a monthly letter about items of special interest to you as a credit executive, from the nation's capital, by the Manager of the N. A. C. M.'s Washington Service Bureau.

Dear Reader:

On April 15th the revised *CHANDLER BILL* (H.R. 6439), proposing a complete modernization of the *FEDERAL BANKRUPTCY ACT,* was introduced in the House of Representatives by Rep. Walter Chandler of Tennessee. Throughout the drafting of this vitally important legislation, representatives of the National Association of Credit Men worked actively in Washington in behalf of provisions of the bill of special importance to Association members. Participation by the Association in the development of this legislation marks one of its most important legislative accomplishments since the Association's sponsorship of the present Bankruptcy Act in 1898.

The length and scope of the Chandler Bill make it impossible to attempt an analysis here of even its most important provisions. Among the outstanding features of the bill are a general improvement in bankruptcy procedure, clarification of the acts of bankruptcy, an improved composition procedure, more effective discharge proceedings, a tightening up of the criminal provisions of the Act, further restraints on evasions by bankrupts, a general clarification of definitions and a general revision of the corporate reorganization section.

Outstanding among the major provisions of the Chandler Bill is the revision of the present Section (77b) which would be transferred to Section 12 of the Act by the new bill. Two new and extremely important features of the proposed revision of the present corporate reorganization section of the Act are the requirement of an independent trustee in all reorganization proceedings and the granting to a governmental agency—The Securities and Exchange Commission—of the right to intervene in reorganization cases and to advise the court in all such proceedings.

The results of these two changes—which will eliminate debtor control and make available the research and advice of a new but extremely important agency of the government—should definitely react to the advantage of the creditor interest in corporate reorganization proceedings. These benefits, however, will not be obtained at the expense, or to the detriment, of the legitimate interests of the debtor corporation.

The distinguished author of the bill is Chairman of the Bankruptcy Subcommittee of the House Judiciary Committee. Hearings on the bill will probably be scheduled for early May.

Every member of the Association will undoubtedly wish to familiarize himself with this legislation not only because of the prominent part played by the Association in its development but because of the general importance of the bill to the work of credit executives.

Alleged violation of both the *ROBINSON-PATMAN ACT* and the *FEDERAL TRADE COMMISSION ACT* is charged in a complaint issued by the Federal Trade Commission alleging that thirty-five companies manufacturing cast iron soil pipe have, through use of the Birmingham Plus pricing system, substantially lessened price competition within their industry and discriminated in price among certain of their buyers. Proceedings under this complaint, which involves the alleged use of the so-called "basing-point" system of pricing both to restrain trade and to create price discriminations, will undoubtedly be exceedingly important in the development of the administration of the Robinson-Patman Act.

The bill (S. 1077) introduced by Senator Wheeler to increase the powers of the *FEDERAL TRADE COMMISSION* to prevent unfair trade practices has passed the Senate and is pending in the House Committee on Interstate and Foreign Commerce. The bill empowers the Commission to prevent unfair methods of competition in commerce and unfair and deceptive acts or practices in commerce and establishes a procedure for the Commission to follow in enforcing such powers. A part of the importance of this bill lies in the fact that it continues the trend toward control over unfair trade practices by the Federal Trade Commission which commenced after the breakdown of the N.R.A.

If your company is interested in selling materials to contractors or subcontractors on *FEDERAL CONSTRUCTION PROJECTS* you will want to watch carefully the several *GOVERNMENT CONTRACT BILLS* which have been introduced at this session of Congress. Among the most important of these are S. 1686, introduced by Senator Logan; H.R. 146, introduced by Rep. Griswold, and H.R. 287 and H.R. 290, both introduced by Rep. Celler.

The Griswold bill, which has passed the House and is pending in the Senate, would limit government awards to bids submitted within thirty days of the date of invitation. It would also require the bids to contain the names of subcontractors, material and supply men intended to be used by the contractor and provides penalties for failure to employ the specified persons and firms. One of the Celler bills (H.R. 287) would give the character of trust funds to money paid by the United States to contractors and would require that such funds should first be applied in payment of labor and material accounts and premiums on bonds. The

Banks' earning power change noted by Ayres

Changes in the earning powers of commercial banks and adjustments rendered necessary in their operating methods by altered relationships with business and government are analyzed in a report by the American Bankers Association Economic Policy Commission. The report covers developments both before and after the beginning of the depression in 1929, with particular reference to the effects of Federal Government financing since 1933.

The progressive shrinkage in the volume of commercial loans as compared with the investments of banks, the decrease in the part played by bank lendings in the business life of the nation and the drop in the composite yield on bank earning assets are discussed. Leonard P. Ayres, chairman of the commission, in a foreword says:

"The data in this report seem to justify the conclusions that probably for a long time to come the proportion of commercial bank earning assets which will be invested in securities will continue much higher than before the depression and, while the volume of commercial loans will increase as business recovery advances, it seems unlikely that banks as a whole will soon be able to return to their old practice of having about half of their earning assets in commercial loans.

"The commission does not view these conditions with apprehension, but deems them important. They call for modifications in banking practices. The expenses of bank operation will need to be readjusted to the changed income producing power of earning assets. Also more attention should be devoted to the problems of the wise handling of investment accounts."

The findings of the commission's report are summarized as follows:

"In 1923 over 70% of the aggregate loans of the commercial banks consisted of commercial credit and less than 30% of collateral and real estate loans. In 1929 commercial loans made up only about 53½%. Their investments increased from ten billion to thirteen billion dollars. Grouping real estate loans with collateral loans and investments, as against the element of commercial credit, this composite group increased from 49% of total earning assets to over 61%.

"These changes reduced materially the liquidity of the earning assets of the commercial banks. Granting certain shortcomings in bank management, the predominant factors causing these changes arose from irresistible economic forces that originated outside of banking.

"One was the alteration in the financial habits of industry and trade by which a large part of their current operations were financed, not through commercial loans, but through capital transactions. Increased efficiency of transportation caused a considerable reduction in time-volume of borrowing required from the banks to move a given amount of manufacturing and mercantile business.

"It is estimated that, in 1923, of the total formal credit structure of the United States, commercial loans of banks constituted about 18%. By 1929 they constituted only about 12%.

"The banks made every endeavor to maintain the liquidity of their portfolios through the granting of the sound commercial loans that were offered, absorbing virtually the total output of open market commercial paper and increasing materially the volume of banker's acceptances in use. They also participated in security issues along what appeared to be sound lines, constituting a proper opportunity for increasing their financial usefulness and earnings.

"A new impact of change has been felt in the period since 1929. This movement reduced the total earning assets of the commercial banks and further impaired their liquidity. From 1929 to 1933 the percentage of their commercial loans dropped from nearly 39% to about 25½%. Since 1933 a re-expansion has occurred in their total earning assets, but loans on real estate and on collateral plus investments accounted for all of this increase. Commercial loans dropped further, constituting by 1935 only about 20½% of the total.

"Financing of American industry and trade by corporate issues also underwent tremendous shrinkages. At the same time there occurred a tremendous increase in Federal Government financing. The increases in the investments of the banks have arisen mainly from their purchases of securities issued in the course of this government financing. In 1923-32 their holdings of government bonds averaged about 31% of their total investments. From 1933 to 1935 they averaged over 55%. Their holdings of this class of security rose from $3,740,000,000 in 1929 to $10,400,000,000 in 1935. In addition they held a large volume of obligations of government lending agencies for which the government is contingently liable through various guarantees as to principal and interest.

"Total deposits (*Cont. on page* 33)

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other Celler bill (H.R. 290) is an extensive revision of existing statutes affecting government contracts.

Possibly of most importance is the *LOGAN BILL* (S. 1686) which would set up an entirely new procedure in the handling of government contracts. This bill would establish a Federal Contract and Surety Commission with extensive powers over government contracts and procedure in connection therewith. This bill is understood to have considerable support, although it has not yet received action by the subcommittee which is handling it.

Both the Logan Bill and the Celler Bill (H.R. 290) are of definite importance to you, as they propose a different procedure for the collection of unpaid material accounts from the one which is provided in the Miller Act, which was passed at the last session of Congress with the active sponsorship of your Association. Among other things, the specified amounts of payment bonds which are a feature of the Miller Act would be eliminated, while the Logan Bill goes a step further and would require unpaid material suppliers to file claims with the new Commission.

Again let me urge you to study these bills carefully, if your company would be affected by them. The writer would be glad to have your opinion concerning the bills.

Yours very truly,

C. F. BALDWIN.

Paging books

International trade facts

These three publications recently released by the Columbia University Press, New York, are the conclusions of the Economic Intelligence Service of the League of Nations.

BALANCE OF PAYMENTS, 1935.

This volume gives details of the international accounts for 29 countries, including the world's principal trading countries, except Italy for which data are lacking for all years since 1930. Two new countries are included in the present volume, namely, Palestine and the U.S.S.R. In the complete statements, over 30 items—visible and invisible—grouped under the general headings Merchandise, Interest and Dividends, Other Services, Gold and Capital items (divided into long-term operations) are taken into account in striking a balance between the inward or credit movements (exports) and the outward or debit movements (imports) for each country.

INTERNATIONAL TRADE IN CERTAIN RAW MATERIALS AND FOODSTUFFS BY COUNTRIES OF ORIGIN AND CONSUMPTION, 1935.

This volume, the first of its kind, is an attempt to secure more satisfactory information regarding the movement of goods from the producing to the consuming countries than was hitherto available from the ordinary national statistics on foreign trade. The statistics contained in the volume are confined to 35 commodities, principally raw materials and foodstuffs, which are important in international trade. Amongst these commodities are wheat, sugar, rubber, wood in various forms, hides, wool, cotton, silk, iron and steel, copper, motor spirit.

INTERNATIONAL TRADE STATISTICS, 1935.

This volume analyzes the foreign trade (import and export trade of merchandise and of bullion and specie) for 65 countries accounting for about 95% of total world trade. The volume contains more than 300 tables. It is a book of reference, condensing into a convenient form an immense quantity of statistical publications issued by the governments of the world. A detailed list of sources drawn upon is given.

Reciprocity

THE HULL TRADE PROGRAM. By D. H. Popper. 25 cents. Foreign Policy Ass'n, N. Y.

In June, the reciprocal trade program will need reauthorization by Congress. After the heat of the recent campaign, this booklet provides a welcome relief by the objectivity used in analyzing the program during the first year or so and its accomplishments. Decidedly of interest to all.

Every man a budgeter

MASS-CONSUMPTION. By Frederick Purdy. The Talisman Press, New York, $2.50.

With everyone talking about mass consumption as the remedy for the ills of mass over-production, Mr. Purdy has set down his proposals as to how mass consumption can become reality by outlining a method in which consumer budgets will provide the working base of our industrial activity. It is a stimulating and original work.

Beware monopoly

WHO OWNS AMERICA? Edited by Herbert Agar and Allen Tate. Houghton, Mifflin Company, New York & Boston. $3.00.

The twenty-odd persons who wrote the essays collected in this book indicate that this is a new declaration of independence from the present-day tyrant: monopoly capital. The book represents the ideas of a small and more or less cohesive group of intellectuals who have come to be designated as "distributionists." They insist that the solution for our economic ills is the breaking up of the large monopolies which own America at the present time. Like the trust-busters of an earlier era, they want to split the existing huge aggregations of capital into smaller units, and bring back into their own again the large number of small, individual manufacturers who produced the country's goods in the days before the trustification of industry set in.

They also want to arrest the trend towards the industrialization of agriculture by large corporation. Here too they want to leave the field to the individual farmer with the tradional-sized farm. In politics, they bring in the concept of "regionalism"—large regions coordinated economically and politically, which would replace the present set-up based on the states.

Of course, they dress up their arguments against monopoly in present-day terms. They bring in, for instance, the dangers of fascism and of communism, claiming that they oppose both these alternatives. Many of the essays are on a very high theoretical plane; but all of them are challenging and worthy of consideration, especially David Cushman Coyle's "The Fallacy of Mass Production."

Labor's growth

Growth and development of the organized labor movement during the period 1929 to 1937 have been particularly pronounced in the newer industries, such as automobile, rubber, and heavy electrical equipment, and, to a lesser degree, among professional groups. Most individual unions in all industry groups gained in membership during that period.

Banks' earning power change

(*Cont. from page* 31) of the commercial banks expanded from 26 billion dollars in 1933 to nearly 35 billions in 1935. This was not attributable to direct loans to industry and commerce by banks, for such loans showed a large contraction. The main factor was increase in the public debt. The proceeds of government borrowing from banks and other investors were disbursed for relief and reconstruction expenditures and in loans to a diversity of interests through government checks which came back to the banks and created deposits.

"Concurrently with these government activities, there continued to be an acute lack of commercial loans arising from private industry and trade as well as a dearth of new corporate financing in the capital markets. As a result of these various circumstances the estimated aggregate commercial loans of the commercial banks constituted a little less than 5% of the nation's total formal credit structure.

"Since 1929 there have been marked decreases in the yields on all classes of bank earning assets. A rough index shows that the composite return in 1929 was 5.76%. In 1933 it was 4.11%. By 1935 it was down to 3.11%. In this latter period there was also, in respect to the investments of the commercial banks, a marked concentration in United States Government securities which return the lower yields.

"These many changes seem to indicate the necessity of commercial banking supplementing earnings from traditional classes of loans and investments with income from other forms of financial services. There is evidence of a more general application of service charges, expansion in personal loan activities, increased financing of instalment sales and more attention to loans on real estate.

"It is our opinion that it would be preferable and beneficial that the economic activities of the nation should return to a larger extent to methods again productive of commercial credit. However, in view of the developments described, it is wise for the banks to adjust themselves to operations which will give them satisfactory earnings on the basis of the nation's business as it is now being conducted."

Credit through the years

by C. A. LAUNER

While it is not surprising that literature contains very little reference to the subject of credit, it is nevertheless interesting to review the occasional thoughts on this subject recorded by those whose writings have survived the test of time.

We have, of course, in the Biblical records mention of debtors and creditors. The Mosaic law prescribed certain regulations concerning them, and in several of the parables of Christ their relationship was expounded.

Even before the Christian era, Aristotle defined what we might call the "moral risk": *"For it is a man's nature that makes him trustworthy, not his wealth."*

But the Roman, Juvenal, had a somewhat different point of view: *"A man's credit is proportioned only to the money he has in his chest* (Quantum quisque sua nummorum condit in arca, tantum habet et fidei)."

Another Roman, Plautus, said: *"We purchase on Greek credit—cash."* And still another, Publilius Syrus: *"He who loses credit can lose nothing further."*

At the beginning of the Renaissance, Erasmus described a condition that has not changed even to the present day: *"There are a thousand methods of cheating your creditors."*

Here is another truth as expressed by the great Frenchman, Rabelais: *"Lack of money is trouble without an equal.* (Faute d'argent, c'est doleur sans pareille)."

Nor must we overlook the oft-quoted Omar: *"Ah, take the cash? And let the credit go, nor heed the music of a distant drum."*

From that golden age of earlier English literature:

> *"Words pay no debts, give us deeds."*—Shakespeare.

> *"Who in his pocket hath no money*
> *In his mouth he must have honey."*—Rowland Watkins.

> *"Who quick to borrow, and slow to pay,*
> *Their credit is naught, go they never so gay."*—Thos. Tusser.

> *"Private credit is wealth, public honor is security. The feather that adorns the royal bird supports his flight: Strip him of his plumage, and you fix him to earth."*—Letters to Junius.

And from a later era of English thought:

> *"Showing that if a good face is a letter of recommendation, a good heart is a letter of credit."*—Bulwer-Lytton.

> *"Wit, like money, bears an extra value when rung down immediately it is wanted. Men pay severely who require credit."* —Douglas Jerrold.

> *"Blest paper credit! Last and best supply!*
> *That lends corruption lighter wings to fly."*—Pope.

In these few words Pope describes "Mr. Common People," who is after all the foundation of our business world: *"I was not born for courts or great affairs: I pay my debts, believe, and say my prayers."*

And here two statesmen speak:

> *"I see before me the statue of a celebrated statesman, who said that confidence was a plant of slow growth. But I believe, however gradual may be the growth of confidence, that of credit requires still more time to arrive at maturity."*—Disraeli.

> *"There are but two ways of paying debt—increase of industry in raising income, increase of thrift in laying out."*—Carlyle.

From our own writers, Emerson said: *"Every honest man has in his countenance a promise to pay, and therefore has credit."*

Nor can we overlook the cynical witticisms of the many-sided Benjamin Franklin as "Poor Richard":

> *"Creditors have better memories than debtors."*

> *"If you would know the value of money, go and try to borrow some."*

> *"Creditors are a superstitious set —great observers of set days and times."*

Insurance digest

Auto or garage fires
11% of total fires in '35

Automobiles or garages were involved in 52,300 fires during 1935. These blazes affecting cars or the quarters in which they were housed, amounted to 11 per cent of all the 470,000 fires in the United States during the year, according to the New York Journal of Commerce.

Calculations were based on estimates completed by the National Fire Protection Association, showing 20,200 fires in garages, public and private, and 32,100 fires affecting automobiles, buses and trucks, outside of buildings.

The losses amounted to $6,375,000, or 2.7 per cent of the total national fire loss of $248,994,000. Of this amount, $4,950,000 was estimated as the damage from garage fires, and $1,425,000 as the damage to vehicles burned outside of buildings.

The frequency of fires of this kind was emphasized, pointing out that they were exceeded in number only by dwelling fires, which were estimated at 290,800. Third on the list were mercantile establishments with 34,100. Barns and stables were fourth, with 26,300, and factories fifth with 8,300.

In point of loss, the automobile and garage damage of $4,375,000 was exceeded by dwellings, with $93,488,000 losses; mercantile establishments, $38,200,000; barns and stables, $27,500,000; factories, $18,857,000, and warehouses, $11,020,000.

Among the classifications in which losses were exceeded by automobiles and garages, were elevators, granaries, grain warehouses, with $5,300,000, and schools, colleges and seminaries, with $4,420,000; churches, $3,535,000, and restaurants and saloons, $3,296,000.

They're all in Texas!

I took a trip to Italy
  And on to Naples fair;
From there I went to Palestine
  To get some good, fresh air.
I journeyed on to Athens,
  Trinidad and Celeste —
Through Edinburg and Scotland
  And further to the West
I took in China, Christoval,
  Cadez and also Nome.
For I wanted much to see it all
Before I started home.

  Columbia was beautiful!
Riviera, what a sight!
  Paris was the gayest
And especially at night.
  I came back through Ontario,
St. Paul and Buffalo.
  Detroit was also on my list
And also old St. Jo.
  I came right on through Cleveland,
Dayton and South Bend
  And on to Boston, Albany,
Before my journey's end.
  And then over to Atlanta,
Miami and Jacksonville —
  Memphis, Paducah and Charlotte
Before I could be still.

  Right on down through Virginia,
Richmond and Centerville —
  Yorktown, Franklin, Fredericksburg
And taking in Hemphill.
  I rambled on to Portland,
San Diego and San Juan —
  Los Angeles, Pasadena,
Before the day was gone.
  I finished all my traveling
And drove at a moderate gait,
  Visited all the places named
Without leaving the Lone Star State.

—GRAHAM EGERTON in *"The Kalends"*

Cotton roads

by HOWARD E. COFFIN
Chairman of the Board
Southeastern Cottons, Inc.

A few years ago some pessimist proposed, as the only means of increasing the consumption of cotton, that every Chinaman in China be induced to add an inch to his shirt-tail. Perhaps the idea was fantastic but no more so than would have been the suggestion that American housewives could be persuaded to add eighteen inches to the length of their bed sheets or that hard-headed engineers could be convinced that cotton cloth makes better good roads.

Yet both of those seemingly "impossibles" have been accomplished. Today the 108" full-length bed sheet has largely replaced the former standard 90" length and, wonder of all wonders, the government itself is spending $1,300,000 to demonstrate the practicability of cotton in the construction of highways.

We believe that this government recognition, represented by the allocation of funds for the nation-wide demonstration, will open up a vast new market for cotton—the limits of which we can only estimate roughly. In the attainment of this important goal toward which it has been striving, through its Cotton Textile Institute, for nearly ten years, the cotton textile industry owes a debt of gratitude for the cooperation given by the Farm Chemurgic Council.

Some months ago, cotton roads were pretty much a "believe it or not," although half a dozen states, cooperating with the Institute over a period of years, had built more or less extensive test projects with uniformly successful and convincing results.

As this was written, an official compilation by the Department of Agriculture showed that nineteen states have already availed themselves of the opportunity to obtain the necessary fabric gratis from the government and will build nearly 565 miles of cotton fabric reenforced bituminous surfaced dirt roads during the summer.

Fourteen of these nineteen states and eight others have requisitioned a total of 75,835 cotton mats to be used in demonstrating the superior qualities of a cotton-filled, cotton mat for curing concrete pavements.

Applications for the reenforcing membrane and curing mats were being received in such number and for such quantities of the materials that it was evident the $1,300,000 allotment for the purpose would be exhausted before the dead-line which was set by the Department, and before some of the states have had an opportunity to file requisitions.

Among the states which have already qualified, Alabama has requisitioned enough cotton fabric to build 119.3 miles of 18-feet-wide cotton reenforced road; North Carolina, 105.6 miles; New York, 79.7 miles; South Carolina, 63.4 miles; Michigan, 42.4 miles; Missouri, 24.3 miles; Mississippi, 24 miles; Arizona, 16.2 miles; Rhode Island, 11.8 miles; Arkansas, 11.6 miles; Georgia, 11 miles; Indiana, 10 miles; New Jersey, 9.7 miles; Virginia, 8.4 miles; Tennessee, 7.5 miles; Montana and Nevada, 5.2 miles each; Washington, 3.8 miles, and New Hampshire, 2.8 miles.

Other applications for the cotton fabric now in course of preparation are expected to bring the total mileage to nearly 1000—the original maximum contemplated in the Department of Agriculture's fund for the purchase of road fabric and mats.

So, it would seem that cotton roads have passed from the experimental stage and that the principle has been accepted as good practice in both the original construction and the retreatment of bituminous surfaced, dirt-base roads. It takes no stretch of the imagination to foresee that if cotton roads continue to perform as the experimental projects built to date have performed, this tremendous new use for cotton will become as staple as that for the manufacture of bed sheets and towels.

I say this because the cotton reenforced road is a good road, capable of giving long service, and shows a great saving in the initial construction costs as compared to other types. In the second place, the cotton fabric reenforcement of bituminous surfaced roads very definitely cuts maintenance costs, which are an important factor and, in many cases, the controlling influence in the building and improvement of low-cost roads.

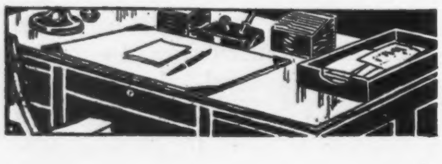
In that connection, let me mention that in some states maintenance costs of these country roads run up to $1000 a mile a year, and in South Carolina, which does not have the severe winter temperatures to wreak havoc on its roads, average at least $200 a mile per year. Our experience with cotton roads to date shows that maintenance expenses are, to all effects and purposes, practically eliminated. And just measure, if you will, the significance of that fact in terms of reduction of local tax bills which all tax-payers, both big and little, must meet each year.

To avoid any possible misunderstanding, let me emphasize that the cotton reenforced, bituminous surfaced road is not a substitute for the concrete highway, but that as the strength and durability of the concrete highway comes from its reenforcement with steel wire mesh—so does the reenforcing cotton fabric membrane make a better and more durable and economical bituminous surface.

The fabric itself is coarse and inexpensive, yet a very sturdy material that serves as a base for the road mat that is built up on top of it through successive applications of tar or asphalt and stone screenings. Firmly imbedded in this bituminous mat, the cotton fabric membrane serves very effectively in thwarting the upward pressure of the road base and likewise, as might be expected of a waterproof blanket, it prevents water from seeping through the top surface.

By preventing cracks occasioned by the upward pressure of the base or by the heaving of the road when frost is coming out of the ground, and by eliminating raveling and erosion which develop from those cracks, the cotton membrane very obviously cuts maintenance costs to the minimum. Thorough saturation (*Cont. on page 40*)

Office-ally



Organization of office activities

by Orrin G. Sherman, Associate W. H. Leffingwell, Inc., New York

We must organize for control. This organization must be on the basis of complete knowledge of the problems which confront us. When we speak of the control of office activities, we speak of the very essence of management in that we are dealing with the means whereby the achievement of pre-determined results is assured.

The first objective should be the finding out what work the office now does, what work it needs to do, and for what purposes.

The second objective is a study of the means available for improvements in those methods, equipment, and personnel.

These then are the general objectives for which the office manager must organize and plan and it is my conviction that this can best be done through the medium of a suitable centralized Planning and Personnel Department. The head of this department should report to the highest operating officer of the company.

One of the products of this merger of planning and personnel is the opportunity to control payroll expense. The eternal question as to whether department X really needs those two additional clerks can be answered without guessing. Also it makes possible greater flexibility in the use of office personnel. One of the most aggravating forms of waste is that found when one group of clerical workers is idling along, while in a neighboring department another group is working hard to keep pace with work resulting from an extraordinary demand made upon that department. Perhaps this busy department is working nights; they may even have hired extra clerks, and yet there is a reservoir of clerical effort ready and unused.

There is no reason why employees should not be shifted from one department to another when the occasion demands it. The tendency for departmental supervisors to construct a Chinese wall around their units must be broken down and this can be done by making them cost conscious. The supervisor will begin to realize that he can borrow or lend a reasonable amount of clerical time and thereby create a corresponding debit or credit to his operating expense account.

It is not unusual to have the savings in departmental operating expense from these sources alone go a long way toward paying for the expense of maintaining the planning department.

The time is now, when we are facing on many sides the prospect of increased activity and while the lessons learned from curtailment are still fresh in mind, when we should organize for expansion upon a firm foundation and with a wise use of better management technique.

Social Security record books

An employee's social security record and memo book has been produced by the Boorum & Pease Company, 84 Hudson Avenue, Brooklyn, in which an employee can keep an account of deductions made from his salary, as required by the Social Security Board. The title "Employee Social Security Record" appears on the front cover. The size of the book is 5 x 3 inches. It contains 48 pages and opens to a printed presentation of high lights on the law; the fly leaf offers space for the employee's name and registration number. Space is provided on the first ten leaves for recording dates as recommended in Article 412(b) of the Act; the name of each employer, dates of service and any other desired information. The remainder of the pages have faint rulings. It is available in two grades with flexible covers: No. 184, bound in genuine black leather, and No. 174, in black fabrihide.

The Acme Card System Company, 8 South Michigan Avenue, Chicago, Illinois, has developed a visible record book for the employer who has thirteen or less employees. Also available is a binder suited for the purpose of employee records of companies employing from thirty to fifty workers, and for larger organizations, tray cabinets are offered. After conferring with government officials and employees, and study of the law, office records of every description in compliance with the Social Security Act requirements are provided for. With this type of equipment the employer should have no trouble in setting up the necessary records in much less time.

"Hi-jacked" goods

A case recently decided in the Supreme Court of New York sets out an interesting ruling entailing the transportation of cotton and rayon merchandise from a mill in Connecticut to New York. The transportation was by motor truck and the value of the shipment was set down as $3,932.

The motor truck was waylaid by "hijackers" somewhere along the Boston Post Road and the entire shipment thus lost to the mill. The motor trucking company set up as a defense that, because of the form of its receipt for this shipment, it was liable only for a claim of 50c per pound, the shipment weighing 3,094 pounds.

The court ruled that unless the express receipt used by the motor carrier set forth a different rate of transportation according to the value of the merchandise carried, the trucking outfit was liable for the full value of the merchandise.

The case was of interest from an insurance standpoint because the textile mills had a policy with the Fireman's Fund Insurance Company covering all its shipments in transit. The insurance company met the claim on the policy and then acting as representative of the mill sued the trucking company and obtained judgment for the full value of the merchandise lost.

One of the points presented by way of defense by the motor company was that its express receipt stated, as a part of its contract terms, that it stood ready to obtain special insurance for the customer at a rate of 10c per $100 of valuation. The plaintiff contended that in this way the carrier shifted his legal obligation by offering to obtain insurance for the account of the shipper. The court ruled, however, that it was up to the trucking company to stand the responsibility for the safe delivery of the merchandise from the mill to the designated point in New York and that if it was necessary to make a special charge for the valuation above 50c per hundred pounds, such charge should have been set forth in the rates assessed against the mill for carrying charges.

Go! Chica—go!
N. A. C. M. 42nd Annual Convention and Seventh Credit Congress
June 21–24

Court decisions

Constitutionality of Federal Regulation of Convict Made Goods.

KENTUCKY WHIP & COLLAR COMPANY vs. ILLINOIS CENTRAL RAILROAD COMPANY, Supreme Court of the United States, January 4, 1937

The act of Congress of July 24, 1935, known as the Ashurst-Sumners Act, makes it unlawful knowingly to transport in interstate or foreign commerce goods made by convict labor into any state where the goods are intended to be received, possessed, sold or used in violation of its laws, and provides that packages containing convict-made goods must be plainly labeled so as to show the names and addresses of shipper and consignee, the nature of the contents and the name and location of the penal institution where produced. The plaintiff manufactures in Kentucky, with convict labor, horse collars, harness and strap goods which it markets in various states. It tendered to the railroad twenty-five separate shipments for transportation in interstate commerce, of which ten were consigned to customers in States whose laws prohibited the sale of convict-made goods within their respective borders. None of the goods were labeled as required by the Act, and the railroad refused to accept the shipments. The plaintiff contended that Congress was without constitutional authority to prohibit the movement in interstate commerce of useful and harmless articles made by convict labor. The court held the statute was not unconstitutional on that theory.

The question was whether the rule sought to be established by the act with respect to convict made goods, went beyond the authority of Congress to regulate interstate commerce. Congress can certainly regulate interstate commerce to the extent of forbidding and punishing the use of it as an agency to spread evil or harm to the people of other states. Anticipated evil or harm may proceed from something inherent in the subject of transportation as in the case of diseased articles, or it may lie in the purpose of the transportation, as in the case of lottery tickets, or the prohibition may be designed to give effect to the policies of Congress in regard to the instrumentalities of interstate commerce, as in the case of commodities owned by interstate carriers. The contention is inadmissible that the act is invalid merely because the horse collars and harness are useful and harmless articles. Congress may prevent interstate transportation from being used to bring into a state articles, the traffic in which the State has constitutional authority to forbid, and has forbidden, in its internal commerce. The Supreme Court has sustained the acts of Congress designed to prevent the use of interstate transportation to hamper the execution of state policy with respect to traffic in intoxicating liquors. The course of Congressional legislation with respect to convict-made goods, has followed closely the precedents as to intoxicating liquors. The subject of the prohibited traffic is different, but the underlying principle is the same. The pertinent point is that where the subject of commerce is one as to which the power of the state may constitutionally be exerted by restriction or prohibition in order to prevent harmful consequences, the Congress may, if it sees fit, put forth its power to regulate interstate commerce so as to prevent that commerce from being used to impede the carrying out of the state policy.

There is nothing arbitrary or contrary to the requirements of due process of law. Congress in exercising the power is as free as the states to recognize the fundamental interests of free labor. The fact that it has adopted its rule in order to aid the enforcement of valid state laws affords no grounds for constitutional objection.

As the Congress could prohibit the interstate transportation of convict-made goods, it could require packages containing such goods to be labeled. Such provision was reasonable and appropriate, and the fact that labeling was required on all shipments, regardless of the law of the state of destination, does not invalidate the provision.

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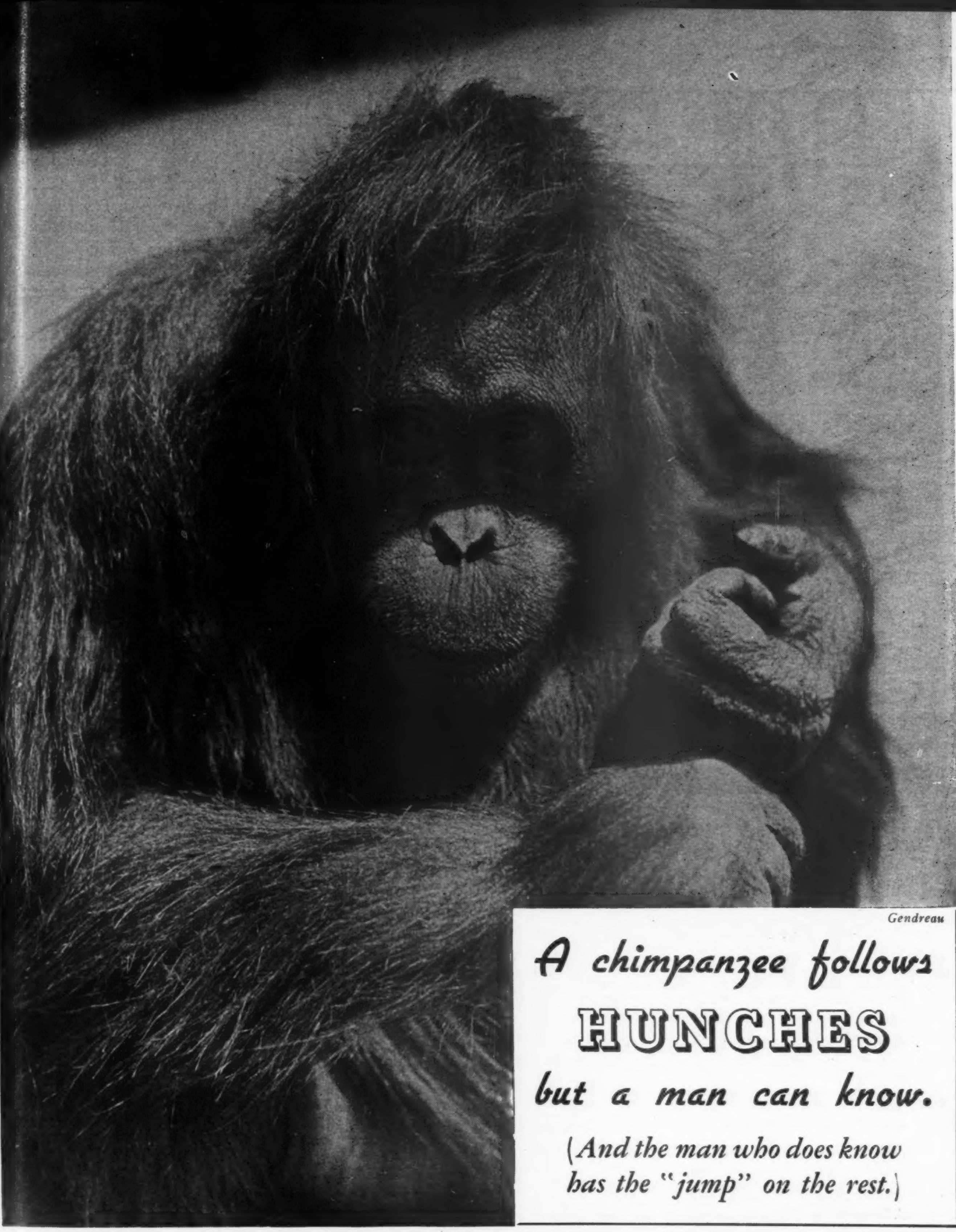
Credit and business stability

(*Cont'd from p.* 8) lead to lost opportunities in the way of sales, etc. If, on the other hand, it should be of an extreme nature it may lead to further serious consequences. If we are to level production irregularities, or at least attempt to exercise more control, we must concern ourselves with avoiding excess limits as they cause the largest disproportion between production and demands.

In conclusion, *demand* is defined as *desire coupled with the ability to pay*. If the power to pay is destroyed or impaired, demand is accordingly destroyed or impaired. *Credit* is defined as *ability to secure goods, wares, etc., on the ability to pay for them at some future date*. Therefore, *credit is power* and any influences which undermine this power also undermine demand.

If we are to control the peaks and valleys of business cycles so as to avoid sharp contrasts it is imperative that we manage production in order to avoid influences which undermine *credit*. In this way we can maintain a better balance between production and demands.

It is realized that if we are to solve this problem in an effective manner it is necessary to analyze the underlying causes and utilize the proper methods in an attempt to overcome them, or at least, exert some control. To exercise control we must be in a better position to properly measure demands more specifically. A means for this measurement has been exemplified through the proper interpretation of profit and loss statements and balance sheets of concerns in industries or trades which comprise the outlets. While it is admitted that this problem, which vitally concerns our economic strength may be difficult to solve, or control, a suggestion as to its solution is submitted here for serious thought and consideration. This great problem should be uppermost in our minds if we are to arrive at a proper and satisfactory solution.



Gendreau

A chimpanzee follows

HUNCHES

but a man can know.

(And the man who does know has the "jump" on the rest.)

National Institute of Credit

1 Park Ave.
New York

Please send me details of your Credit and Collection Course, without obligation to me.

Name ....

Address ....

City .... 537**State** ....

Cotton roads

(*Cont. from page* 35) of the fabric membrane by tar or asphalt insures its preservation in the ground and one sample that we took out last June from the original cotton road built in 1926 shows the membrane to be intact after having been in the ground for nearly ten years.

Now that the practicability of the principle has been established, what does this new outlet, cotton roads, mean to cotton, the country's greatest money crop. In order to emphasize what we, in the cotton textile industry, believe it may mean, let me cite you some rather startling facts about the consumption of cotton in this country.

During the years 1926 to 1935 inclusive, the population of the country was increased by more than 11,000,000. Cotton and cotton goods are prime, vital necessities of life, and yet the per-capita consumption of cotton in the United States, which, during the four pre-depression years, 1926 to 1929, averaged sixty-six square yards, fell off in the four years, 1932 to 1935, to only fifty-five square yards.

Taking another standard of measure, the same ten-year period has seen the scrapping of nearly 7,000,000 spinning spindles and the number of spindles active in 1935 was only 26,700,946 as against 34,650,266 in 1926.

Cotton roads may have appealed to you only as an interesting idea, but to us—cotton growers and cotton manufacturers—they mean a new outlet, absorbing cotton, in the form of fabric, at the rate of from eight to ten bales for every mile of cotton road built. When you realize that competent highway engineers estimate that of the 900,000 miles of now unimproved dirt roads in the country where traffic requirements require surfacing, 600,000 miles will ultimately be given a bituminous surfacing, you can begin to visualize the potentialities spread out before us.

On the basis of from eight to ten bales of cotton per mile of cotton road built, those 600,000 miles of now unimproved roads represent a potential market for from 5,000,000 to 6,000,000 bales of cotton. To complete this picture, consider the fact that 45,000 miles of bituminous surfaced highways, all eligible for the application of cotton fabric re-enforcing membrane, are resurfaced annually, making an annual new market in this field alone for from 360,000 to 460,000 bales of cotton.

Reverting for the moment to cotton mats for curing concrete pavements, this new, but now generally recognized, use in highway construction is likewise destined to expand into an important outlet for cotton. These mats, six feet by twenty-two feet and requiring a filling of eight ounces of cotton per square yard, engineers have found by actual service tests not only facilitate the curing process but possess the additional advantage of being serviceable for repeated applications.

Translated into terms of cotton, the 75,835 cotton mats requisitioned by the twenty-two states will require 2,275,050 running yards of fabric alone, not to speak of the immense quantity of filling.

The cotton industry is proud of its place among the leaders of those industries which are constantly alert for new outlets for their products. Cotton roads and cotton curing mats are only the more unconventional among the many projects the cotton industry, through the Institute, is pushing to expand the markets for a basic agricultural commodity on which such a great segment of our farming and industrial population is dependent. The search for new uses goes on unceasingly. It cannot and will not be said, "There is nothing new under the sun" for cotton.

Minimum wage

A minimum wage of $15 per week of 40 hours for employees in plants manufacturing men's work clothing was established for concerns doing business with the Federal Government under the new public contracts law (Walsh-Healey Act). This was the first wage determination of the Secretary of Labor to be made under this legislation. In establishing the $15 rate, the entire country was regarded as a single competitive area for this particular industry.

NEWS ABOUT CREDIT MATTERS

A Section Devoted to Association Affairs

Forms Close on
20th of Month Before Issue

MAY, 1937

Save on Losses
With Interchange

Interchange Is Praised During April 26 Week

Special stress is made on benefits of service.

Credit Interchange Week was observed throughout the National Association of Credit Men on the week starting April 26th. A program, or some sort of a special announcement of the benefits of Interchange service was presented to the membership in each one of the 122 associations during that week.

In reporting on the purpose and benefits of "Credit Interchange Week", R. A. Colliton, Director of the Central Credit Interchange Bureau in St. Louis said:

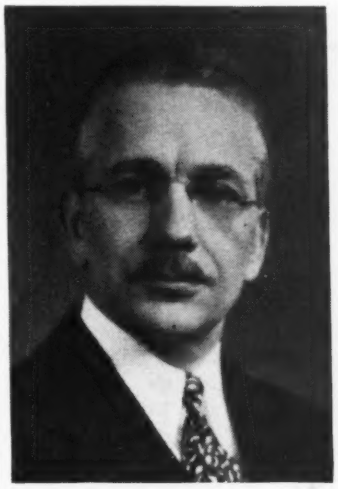
"If this 'Credit Interchange Week' accomplishes nothing more than to effect a better understanding and, accordingly, a better degree of cooperation by members in the prompt answering of requests for information sent to them, it will be well worthwhile. Consider the problems of the service as you will from any viewpoint and you must inevitably reach the conclusion that most of the delay and no small part of the cost in Credit Interchange is directly traceable to delays in securing information from members and non-member sources of information."

A new bulletin just issued by the Central Credit Interchange Bureau entitled "What Happens Behind the Scenes", was distributed to Associations operating Interchange Bureaus during the special observation week.

Fearrington Resigns as Secretary at Charlotte

Charlotte.—E. C. Fearrington, of Charlotte, for a number of years secretary of the Carolina Credit Men's Association, has resigned and will remove to Winston-Salem, where he will engage in business for himself.

O.A.Montgomery, Detroit, Resigns, Phelan New Chief



L. E. Phelan

Detroit.—O. A. Montgomery, for a number of years Secretary-Manager of the Detroit Association of Credit Men, has resigned to engage in business with the Partool Machine Company of this city.

L. E. Phelan who, for the past several years has been manager of the Trade Group Department of the Detroit Association, succeds Mr. Montgomery as Secretary-Manager. Mr. Phelan wil be assisted by E. C. Lockman, who has had considerable association experience. (*Contd. on page* 45)

Quaker Credit Women Hold Postal Election

Philadelphia.—The Philadelphia Credit Women's Club, affiliated with the Credit Men's Association of Eastern Pennsylvania, held its annual meeting and election on April 27th, as a preliminary to a dinner meeting scheduled by the Credit Men. The women gathered at 5:30 and canvassed ballots which had been mailed to the secretary of the club in advance, and announced the results of the election at the dinner meeting in the evening.

Member Race Ends; Program Cash Gains

More associations send money for Development Plan

Just before Executive Manager Heimann left on an extended speaking tour in the Central Division, he issued the following bulletin to Association Presidents relative to the Development Program.

"I am happy to report that as of this morning we have 1302 signed pledges in this office. They total $135,192.33. We have cash on hand in excess of one-quarter of these totals. As stated in the previous bulletins, some of the subscribers prefer to pay their entire four years' subscription in one lump sum.

"From all appearances it looks like Rochester will establish a new record relative to speed of completion of campaign. They began several weeks ago and unless I miss my guess they will complete their job about the close of this week. Rochester has a quota of $9,920.00. Telephone advices received this morning indicate they are within a few thousand dollars of reaching their quota. The Chairman of the Rochester Committee is Mr. Mercer Brugler. He and his entire Committee have really done a splendid job. Congratulations Rochester!

"Each week sees new organizations entering into the work and we are hopeful that by the time Convention rolls around we will be able to report substantial totals. The Program is steadily progressing and, we think, in satisfactory fashion."

Sin Mr. Heimann issued the above bulletin, several Associations have reported the start of real activity in their areas on the Development Program. It was, of course, not possible for all Associations to start this work at the same time, as it was necessary in several cases to clear away local programs first.

Close contest seen in most classes for trophies

By the time the May issue of the magazine is in the mail the membership record book for the fiscal year 1936-37 will have been closed and the names of the membership contest winners in the five classes will be known to Membership Director Brace Bennitt. Just before going to press, the race in several of the classes was so close that anyone's guess seemed as good as another's regarding the winners in most of the classes. At the time of going to press Chicago was leading Louisville in Class A by a fraction of one percent. St. Louis had a margin over Minneapolis by a small stretch. Toledo and Newark were in a close race in Class C, with Waterbury and Great Falls fighting it out in Class E. Worcester was way out in front in Class D by a considerable margin.

The results of the Special Membership Week which closed on March 27th gave March the largest N. A. C. M. membership gain for any month during the past several years. The net gain for the month was 210.

New York won the prize for the largest number of new members acquired during the special Membership Week, with a grand net total of 51. Sioux Falls, South Dakota, won the prize for the greatest percentage gain with a total of 27.2%. They were able to add to their membership of 22 a new list of 6 members.

Honorable mention for the special Membership Week went to Chicago, with a net gross of 32.

One trophy will be awarded at the Chicago Convention for the leader in each one of the five classes. The records were closed counting all reports received showing a mailing date of April 30th.

Chandler Bill on Bankruptcy Now In House

Measure Endorsed by Many Business Organizations.

The several years' work of the National Bankruptcy Conference, in which the National Association of Credit Men has played such an important part, was climaxed on April 15th when Congressman Chandler introduced H. R. 6439 in the House of Representatives.

This bill not only represents the studies of Congressman Chandler and the National Bankruptcy Conference, but also contains the studied views of the Securities and Exchange Commission and other governmental bodies.

H. R. 6439, to a large degree, includes the subject matter of H. R. 12889 (introduced by Mr. Chandler last year, but which came too late in the season to receive Congressional action.) The marked differences in the new bill consist chiefly in a complete revision of Corporate Reorganization (77B). The requirements under Corporate Reorganization of an independent disinterested Trustee whose attorney shall be likewise disinterested; the provision for the S. E. C. to intervene and pass upon plans; the simplification and speeding of procedures; the regulation of protective committees, and many other items will be of profound interest to our members.

This bill will be carefully studied by the Committee on Judiciary of the House of Representatives for the next week or two and hearings probably held the first part of May.

H. R. 6439 has the endorsement of your Association, the National Association of Referees, Commercial Law League of America, and many other representative organizations. The study of this bill will undoubtedly produce additional support when its constructive features become more familiar.

This is the most important legislation offered since the enactment of the present Act in 1898, which was sponsored by your organization.

GO-CHICA-GO

Credit Woman Tells How to Boost Group Meeting Efficiency

Tacoma.—One of the most interesting and instructive papers presented at the spring meeting of the Northwest Conference held in Tacoma was that given by Miss Elizabeth Moorman. Miss Moorman took as her subject, "Group Cooperation Can Be Improved." She based her presentation on the idea that unfailing attendance and preparation for group action afforded the important items in the success of group operations.

Miss Moorman took as an example a group made up of ten representatives from one industry. If two are absent at a given meeting, the business of the group performed at that session is only 80% perfect for in many cases the desired information could only be given by the two absent members.

Miss Moorman also pointed out that next to actual attendance at a group meeting came undivided attention to every item under discussion whether or not the member is interested in the particular account up for checking.

CANTON IS HUSKY CUB IN N.A.C.M. LIST

Canton.—The Canton Association of Credit Men established last September and operating as a branch of the Cleveland Association of Credit Men is one of the husky youngsters in the national organization. Situated in a strategically located city having a diversified and wholesaling market, the Canton Association is progressing rapidly under the direction of Fred W. Mosier as Secretary-Manager. Mr. Mosier was formerly in charge of the Uniontown, Pa. office for the Credit Association of Western Pennsylvania of Pittsburgh.

E. B. Moran, Manager of the Central Division, recently visited the Canton Association and reported an attendance of more than 100 at a dinner meeting held in Hotel Belden. John D. Cathon, General Credit Manager of the Hoover Company, North Canton, O., is president. He is also a member of the Board of Directors of the Cleveland Association.

San Diego Plans Big Convention Delegation

San Diego.—Executive-Secretary Lawrence Holzman of the San Diego Wholesale Credit Men's Association is now at work on the final details for a party of 15 delegates from the San Diego area to the 42nd Annual Convention of the National Association of Credit Men in Chicago from June 21 to 24th.

National Director Ramel K. Sybert is helping Secretary Holzman in this campaign to present a record delegation from the San Diego Association at the Chicago Convention.

Women Talk Credit Methods At April Meet

New York.—The Credit Women's Group of the New York Credit Men's Association held a symposium on "Methods and Mechanics of the Credit and Collection Department", on April 8th.

The principal speakers were Miss Olga Edelstein of the Maxik Products Corp., Miss Eva Marienhoff of Thalheim's Wearwell Shoe Co., and Miss Pearl Rose of the Jergens-Woodbury Sales Co. The talks by the above named were followed by general discussion by members of the group. Miss Catherine Cohen of the New York Girl Coat Company acted as chairman of the session.

The Credit Women's Group of the New York Association is just closing a record year. During the past year the group has adopted a Constitution and By-laws and set up a comprehensive program for study during this and succeeding years.

Philadelphians Mourn Death of J. R. Silver

Philadelphia.—Members of the Credit Men's Association of Eastern Pennsylvania, Philadelphia, are mourning the death of J. Robinson Silver, Credit Manager of the Felton, Sibley & Co., paint manufacturers, Philadelphia. Mr. Silver had been connected with the Philadelphia Association since 1897. He had frequently attended national conventions and had also taken part in a number of the Tri-State Conferences as a representative of the Philadelphia Association.

Councilors At Utica Plan for Fall Conference

Utica. — The Councilors of the district covering New York, New Jersey and Eastern Pennsylvania met in this city late in March for a discussion of plans for the big fall conference to be held in Syracuse on October 28th, 29th and 30th. About twenty were in attendance at this meeting. It was decided that the theme of the fall conference would be "preserving business recovery", with the program made up of subjects having to do with general business conditions as well as those applying more specifically to credit problems.

Reports from the several associations represented at the Utica meeting indicated that the work on the Development Program is now progressing rapidly.

Federal Laws Is Subject at So. Bend Meet

South Bend.—Senator Walter Arnold spoke on "Federal Legislation and its Effect Upon Business" at the April 22nd meeting of the South Bend Association of Credit Men held at the Columbia Athletic Club. Among the federal laws discussed by Senator Arnold he stressed especially the effects of the Robinson-Patman Act and the Wagner Labor Relations Act.

On Wednesday, April 14th, Executive Manager Henry H. Heimann, spending a day at his home in Niles, motored over to South Bend and made an address before the South Bend Rotary Club. Many of the club members remarked that Mr. Heimann's address was one of the best ever heard in this section. His talk dealt, for the most part, with the problems confronting manufacturers and jobbers under the present "new era."

46 Groups to take part in Biggest Credit Congress

7 Convictions Added to Fraud Record in April

During the month of April the Fraud Prevention Department increased its total number of convictions involving individuals charged with commercial fraud by two cases, one in New York City and the other in Eastern Pennsylvania. These two cases involved seven convictions.

On April 5th, George and Meyer Prince and Samuel Tarter, an accountant, entered pleas of guilty to the indictment returned against them in the Federal Court for the Southern District of New York, which indictment charged use of the mails in a scheme to defraud and conspiracy.

The investigation indicated that after meeting with difficulties arising over labor problems in 1934, the Prince Dress Company issued a financial statement and caused it to be sent through the mails, and in which statement the net worth was overstated more than $150,000.

The sentences in this case will be imposed during the first week in May.

In the Case of Samuel Cardonick, of Philadelphia, which was also a subject of investigation by the Fraud Prevention Department, four individuals entered pleas of guilty to the indictment returned charging violations of the National Bankruptcy Act, two of whom, Samuel Cardonick and Abe Rubinson, were sentenced to terms of imprisonment, and Nathan Zeldin and Charles Kelman were given suspended sentences.

In both of these cases, the investigative branch of the Association worked in close cooperation with the Postal Inspection Department and with the Federal Bureau of Investigation.

Expect Big Attendance at Chicago Convention

When Chicago was awarded the 1938 National Convention, Secretary Jeff O'Keefe predicted that the attendance this year would set a new record in NACM history.

Just before going to press with this issue of the magazine, reports had been received from the following Associations indicating the number of the members of each expected to attend the Chicago Convention: Baltimore, 10; Buffalo, 35; Cincinnati, 40; Cleveland, 50; El Paso, 8; Green Bay, 30; Kansas City, 30; Knoxville, 5; Louisville, 35; New Orleans, 15; Oklahoma City, 10; Parkersburg, 3; Pittsburgh, 75; Portland, 6; Providence, 15; Richmond, 12; St. Joseph, 5; St. Paul, 14; Salt Lake City, 7; Seattle, 10; Sioux City, 12; South Bend, 25; Syracuse, 10; Terre Haute, 4.

Dallas Director Is Shot by Bandit Hour After April Board Meeting

Dallas.—Members of the Dallas Wholesale Credit Men's Association were shocked early in April to learn of the tragic death of Knute Knudson, a member of the Board of Directors of the Dallas Association. He had just attended a meeting of the board and the shooting occurred less than an hour following the adjournment of the board meeting.

Mr. Knudson's body was found in the alley in the rear of his home with a bullet wound in his left temple. He was rushed to the Methodist Hospital and died early the following day. It is thought that his assailant was a robber as Mr. Knudson's wallet was found in a trash can near the spot where his body was discovered.

Mr. Knudson was Credit Manager for the Pittsburgh Plate Glass Company in the Dallas area and was well known throughout the Texas area.

Winning Quaker Bowlers

The above picture shows the winning bowling team of the Credit Association of Eastern Pennsylvania, Philadelphia, which won the District No. 2 tournament. Five of the seven men, including Secretary Ardron, bowled all three of the games. The original five are the men standing in the back row. Their names, reading left to right facing the picture, are as follows:

Clyde Martinson, Ninth Bank & Trust Co.

Edward Hewson, Federal Reserve Bank.

H. J. Dornheim, Strawbridge & Clothier.

James A. Guest, Federal Reserve Bank.

John McKnitt, Corn Exchange National Bank & Trust Co.

James Guest was ill the night the match was rolled and Hugh R. Carlon of the Sherwin-Williams Co. who is in the front row seated and the one beginning left to right, rolled in place of Mr. Guest. Sam Ardron in the center, of course, is known to most everyone in N.A.C.M. A. W. Sande of the John Lucas Co. is on the right. The scores made by the five-man team was as follows:

Carlon	609
Dornheim	597
Martinson	571
McKnitt	562
Hewson	536
Total	2,875

The Inter-City match was rolled Friday evening, March 19th and the scores of the associations that rolled are quoted below, according to the size of the score:

Philadelphia	2,875
Rochester	2,753
Syracuse	2,724
Buffalo	2,569
Utica	2,551
New York	2,545
Binghamton	2,424

N W Session At Minneapolis Draws Crowd

Minneapolis. — The twenty-second annual Northwest Credit Conference held at the Nicollet Hotel on April 17th drew a record attendance from Duluth, Fargo, Moorhead, Grand Forks, St. Paul and Minneapolis Associations. Those in charge of the conference sessions were P. R. Pascoe of the Duluth-Superior Association; L. C. Thompson, of the Fargo-Moorhead Association; M. H. Bosworth, Grand Forks Association; G. J. Haub of the St. Paul Association; and J. A. McBrien, National Director, of the Minneapolis Association.

Both morning and afternoon sessions were divided into six periods, with a speaker scheduled for each, followed by general forum discussions.

E. B. Moran, Manager of the Central Division, spoke at the morning session, his subject being, "The Credit Manager".

The banquet in the evening closing the conference was addressed by Executive Manager Henry H. Heimann.

Sidney P. Clark of the Royal-Liverpool Insurance Group, New York, spoke on the relation of insurance to credit. Donald S. Holmes, a Duluth lawyer, spoke on the tax trend and its effect on business.

NOTICE of Amendment In Nat'l By Law

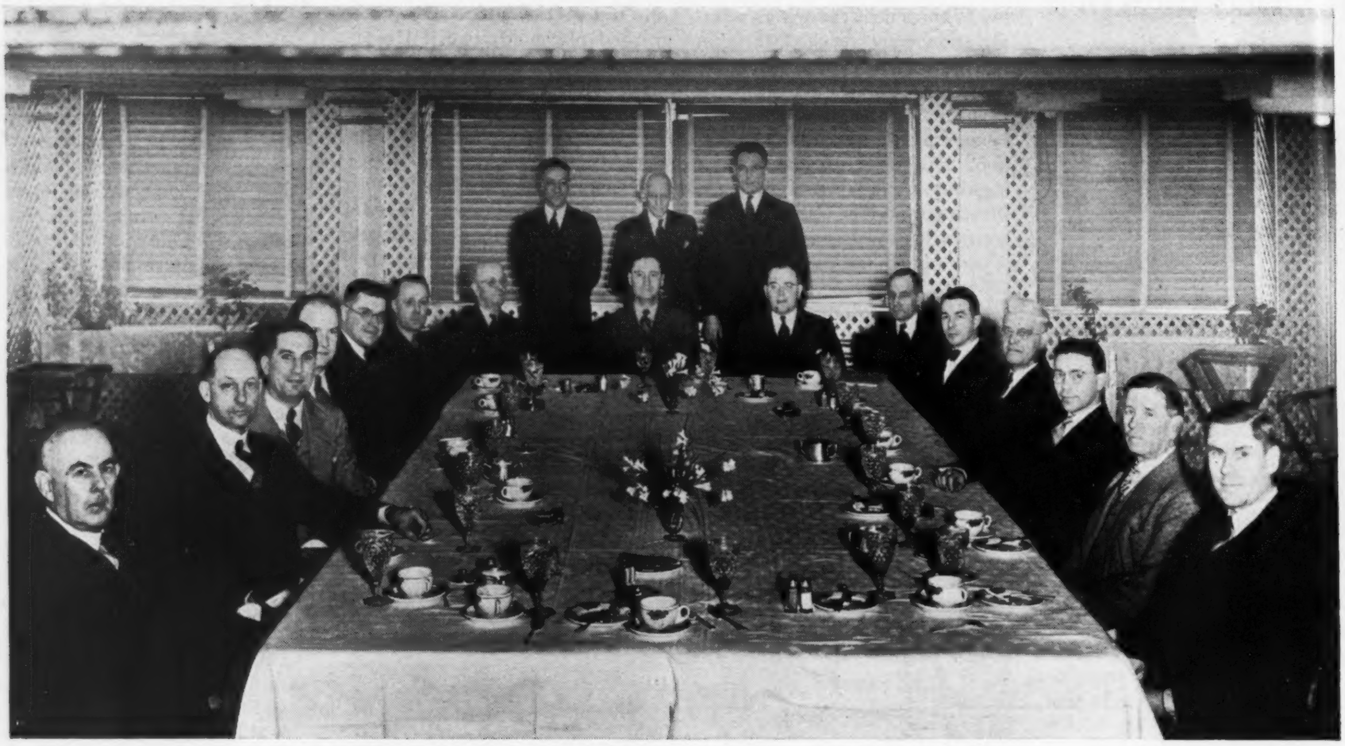
April 19, 1937.

In accordance with Constitutional requirements, notice is hereby published in the official journal of the National Association of Credit Men that the Hartford Association of Credit Men and the Waterbury Association of Credit Men have proposed an amendment to Article V of the N.A.C.M. By-laws, removing the state of Connecticut from District #2 and placing it in District #1.

As revised by this proposal, District #1 would include: Massachusetts, New Hampshire, Rhode Island, Vermont, Maine and Connecticut. District #2 would include New Jersey and New York.

Henry H. Heimann, *Secy.*
National Association of Credit Men

In Seattle:-The Men Behind the Association



The Board of Directors of the Seattle Association of Credit Men

Seated, left to right: R. H. Moulton, Polson Implement Co.; J. F. Blanchard, Columbia Lumber Co.; R. W. Peterson, Puget Sound Power & Light Co.; B. J. Delsman, General Petroleum Corp.; G. M. Dean, Pacific Telephone & Telegraph Co.; E. R. LaVigne, Commercial Tire Co.; W. S. Gruger, Imperial Candy Co.; E. N. Pilsbury, President, National Association of Credit Men, New Orleans; J. F. Mullen, Ballou & Wright, Association President; C. P. King, Association Secretary; B. W. Lockhart, National Lead Co.; J. E. Brandmeier, Washington Co-Operative Egg & Poultry Association; Frank Jerome, Seattle-First National Bank; A. C. Merrill, J. A. Campbell Co.; P. L. Bourlier, Carnation Co. Standing, left to right: C. R. Horch, Pacific National Bank; W. S. Farr, Consolidated Dairy Products Co.; E. L. Blaine, Jr., Peoples Bank & Trust Co.

In July, 1810, the ship Tonquin left New York harbor bound for the Pacific Coast to inaugurate fur trading between the Indians of the North Pacific area and John Jacob Astor's American fur company.

One day eleven months later, in June, 1811, off Vancouver Island at the entrance to Puget Sound, Indians killed all but four of the Tonquin's crew. On the following day these four lured large numbers of Indians aboard; then blew up the ship, killing more than one hundred of the Indians.

Such was the tragic ending of the first American business venture in the Puget Sound area. Now a century and a quarter later, the trip from New York to Seattle is a matter of hours instead of months. Communication between the two points is a matter of minutes, and the firm in New York transacts its business with the man in the Northwest just as simply and easily as with the man across the street.

But this is not all due to speedier transportation and communication. Safe, satisfactory business dealings between all sections of the United States are in no small measure due to the work of more than one hundred organizations like the Seattle Association of Credit Men. A New York firm sells in Seattle and a Seattle firm sells in New York on a credit basis with complete assurance that their interests are fully protected. Through the efforts of the Credit Associations, federal and state legislation essential to the protection of creditors has been enacted. Liquidation of insolvent businesses through assignment or bankruptcy is accomplished with all creditors sharing alike regardless of location; a creditor distant from any point, needing assistance, finds an association nearby ready and fully capable of protecting his interests.

All of this was developed through cooperation. And this cooperation has its beginnings in the exchange of ledger experience information between creditors on a mutually cooperative, fully reciprocal basis. Through their Associations, credit executives proved that an exchange of information between creditors even in the face of the most strenuous competition was not a risking of individual interests but a necessity to the proper protection of mutual interests.

Seattle, like the other leading Associations of the United States, does its part in making this exchange of information a practical, existing thing through the maintenance of its Credit Interchange Department and, on a foundation of Credit Interchange Service, Seattle builds its complete service for its local members and holds itself in constant readiness to interest itself in and protect the welfare of all creditors throughout the entire country.

The development of credit service at Seattle is presented as an example of what true cooperation will produce.

Phelan Named New Manager Detroit A.C.M.

(*Continued from P.* 41)

A bulletin issued in April by Executive Manager Henry H. Heimann gave Mr. Montgomery the following send-off and good wishes of N. A. C. M. as he enters his new business connection:

"Mr. Montgomery has given many years of valuable service to the credit fraternity of America. This has been recognized by the Detroit members, and we of the National Association assure Mr. Montgomery of our very best wishes for great success in his new business undertaking. 'Monty' has been a cooperative worker in the organization and he will be missed. We know, however, that his heart and interest will always be in this work. Good luck to you Monty! I am sure you will be worthy of your new and larger responsibilities."

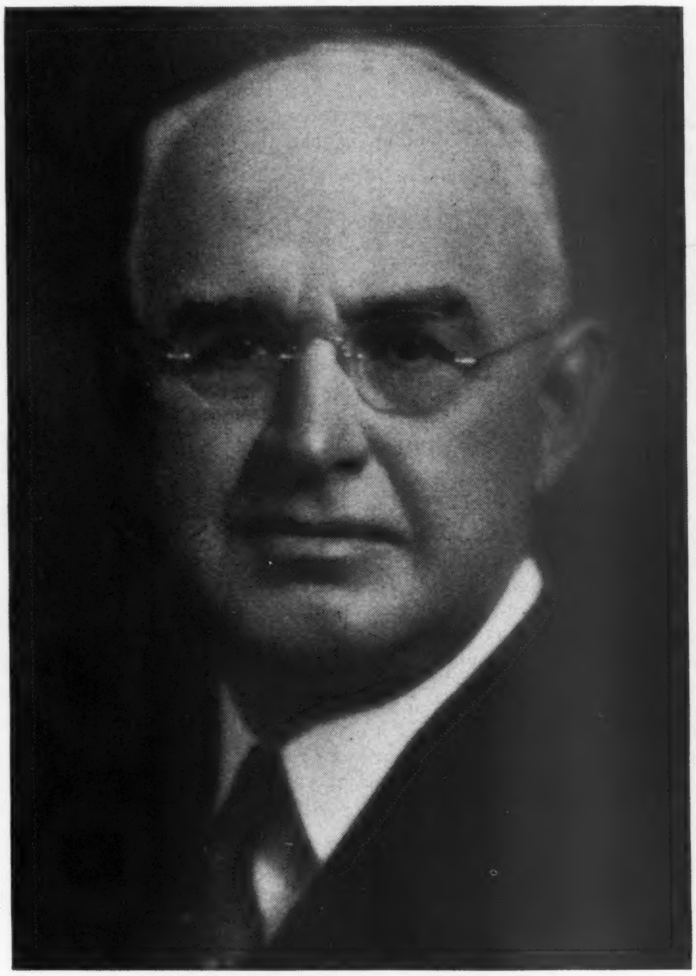
Mr. Phelan, the new Secretary-Manager of the Detroit Association has been connected with the staff of this organization since November, 1921, and has been directly connected with N. A. C. M. activities since 1912, when he was a member of the St. Louis Association of Credit Men as credit manager for Phelan-Faust Paint Manufacturing Company. While at St. Louis he served as a member of the Board of Directors of the St. Louis Association for a two year term.

Mr. Phelan came to Detroit in April, 1919, as Treasurer of the Smith-Morgan Company and joined the Detroit Association of Credit Men in 1919. He served as a member of the Board of Directors of the Detroit Association during 1920 and 21.

As stated above, he joined the staff of the Detroit Association in the latter part of 1921 and in 1927 was sent to organize trade groups in the Detroit area, and has been manager of that division of the local activities until his appointment on April 13th as Secretary-Manager.

Mr. Phelan is now winding up a Spring campaign for new members in the Detroit Association and has set as his goal an addition of 150 new firms as members of the Detroit organization during the fiscal year starting on May 1st.

Resigns to Enter Business



O. A. Montgomery

ZEBRAFFAIRS

Chicago.—The herd of the Chicago Association of Credit Men celebrated on the night of April 17th at a grand roundup at the Vogel Auditorium, 1016 North Dearborn St. Judging from the announcement of this event sent to interested members of R.O.Z., the event was patterned after the mode of living in some of the frontier towns in pioneer days.

The Chicago Herd is now hard at work on plans for entertaining visiting Zebras and also in doing its part to entertain all of the guests in attendance at the National Convention in Chicago on June 21-24. Present indications are that the Zebras will be very much in evidence during the four memorable days of the National Convention.

The San Francisco Herd of the Royal Order of Zebras welcomed into their corral, six new Zebras at their initiation meeting April 9th, at the Sir Francis Drake Hotel, San Francisco.

Newly acquired Zebras are: Frank Gaspar, Gilmore Oil Company; Ted Wood, Los Angeles Soap Company; O. W. Layman, Union Ice Company; L. L. Victor, Macmillan Company; C. E. Hoppe, Credit Managers Association; O. C. Levo, Hills Brothers.

These ambitious and hard working recruits added to the present membership of the San Francisco herd will we believe add strength and enthusiasm to the present membership in helping to attain many new members before the close of our fiscal year.

L. B. Wilson Is New President N. Y. Institute

New York.—Mr. L. B. Wilson of the National Carbon Company is the new president of the New York chapter, National Institute of Credit. Gerard F. Mallon of the Cone Export and Commission Co. is first vice-president. Richard E. McCormick, Wm. Iselin & Co., and Frank C. Calhoun, Manufacturers Trust Co. are the other vice-presidents.

At the annual meeting of the New York chapter held on April 8th, Executive Manager Henry H. Heimann was the guest speaker, his subject being, "Wake Up and Think."

The annual banquet of the New York chapter will be held at the Hotel Astor on Thursday, May 27th. It is the object of the new officers of the Chapter to make this a record event in every way. Vice-President G. F. Mallon is in charge of the program. The commencement exercises will be held as a part of this annual banquet.

N.Y.C.M.A. Golfers to Play Fenway Course on May 13th in Tourney

New York. — The annual spring golf tournament of the New York Credit Men's Association will be held at the Fenway Country Club, White Plains, on Thursday, May 13th.

The tournament will be held on a handicap basis in three groupings. The first group will be those with a handicap of one to fifteen. The second group *will* contain those players with a handicap from sixteen to twenty-three and the third group those players with handicaps from twenty-four to thirty-five.

T. J. Whearty of the National Carbon Company is chairman of the tournament committee.

Cincinnatians Will Dance After Election

Cincinnati.—The annual meeting of the Cincinnati Association of Credit Men will be held on Tuesday evening, May 11th, at the Alms Hotel. Sterling S. Cramer as chairman of the nominating committee has presented a list of ten candidates for five positions on the Board of Directors.

After the business meeting, instead of having a speaker, dancing and cards will be the order of the entertainment.

Congress Groups

(*Cont'd from P. 27*) Association of Credit Men as a Factor in Our Business," "The Human Element in Credit Appraisal" and "The Credit Investigation of Today."

Mr. Milette announces the appointment of W. F. Smith, Chattanooga Medicine Co., Chattanooga, Tennessee, as Co-Chairman and F. W. Peak, Geo. A. Breon & Co., Inc., Kansas City, Mo.; F. A. Johnson, Johnson & Johnson, New Brunswick, N. J.; and T. B. Templeman, E. R. Squibb & Sons, San Francisco, Cal., as vice-chairmen.

Wholesale Jewelers

Arnold N. Price, of The Ball Company, Chicago, and John Biggins, the Elgin National Watch Company, respectively, national chairman and national vice chairman, of the Jewelry Wholesalers Credit Group have not only completed their program, but the two intend to spend many days, right up to convention time, personally inviting out of town jewelers to the Credit Congress of Industry.

A. N. Price

"The Effect on the Jewelry Business of the Robinson-Patman Act" will be discussed during the sessions by Louis Goldman, senior member of the law firm of Goldman, Allshouse & Healy, Chicago. And the Chicago Jewelry Credit Group, by an actual demonstration-meeting, will emphasize, for the visitors, the advantages of local credit groups.

The subject of "Installment Buying and Its Advantages and Disadvantages as Applied to Credit Acceptance from Installment Jewelry Stores," will also come in for discussion.

Building Materials and Construction

Now that the number of building permits has come to mean something Building Material & Construction men are undoubtedly believing that there is a silver lining to all those dark clouds.

They have so much to talk about at the Credit Congress of Industry says Hugh L. Carnahan, of Plibrico Jointless Firebrick Company, national chairman, that most of the group's time will be spent in round table discussion.

Hugh L. Carnahan

There will only be one outside speaker. He is Gael Sullivan, associate director, Federal Housing Administration, Chicago, who will talk, Tuesday afternoon on "Credit Requirements of the Borrower of the Federal Housing Administration."

Petroleum Refiners

The Petroleum Refiners Credit Group will convene on Monday afternoon at 3:30 o'clock, on Tuesday afternoon at 2:00 P. M. and on Wednesday if there is unfinished business.

J. M. Judson

All this is on the authority of J. M. Judson, Sinclair Refining Company, Chicago, national chairman.

A paper on "Loss Sustained on Long Term Credits" will be presented at one of the sessions by H. E. Butcher of the Cities Service Oil Company, Chicago.

Charles F. Baldwin, Washington, D. C., with the NACM legislative committee, will talk on the "Miller Act" Tuesday afternoon and will discuss other proposed legislation relating to government contracts.

Other subjects to be handled by industry speakers include: "Credit Cards;" "Motor Carrier Act;" and "Selling State and Federal Contractors."

A dozen or more forms currently used in credit departments of various refineries will be considered at round table discussion Tuesday afternoon.

Paper Products and Converters

The February Midwest Conference of the Paper Products and Converters with the cooperation of the trade press has resulted in spreading to all points of the country the realization of the value of such meetings.

H. K. Crawford

The net result has been a growth of interest in the group activities of the paper products and converters credit group to such an extent that it is anticipated by National Chairman Hugh K. Crawford, Container Corporation of America, that the meetings scheduled for next June 21-24 will surpass any industry credit meetings which have been held heretofore.

The industry leaders will gather at 3:30 Monday afternoon, June 21, and, after a message of welcome by Mr. Crawford and a roll call of delegates, will get into the subject of "Credit Cooperation Within Our Industry."

Then will come an address on "Effect of Credit on Current Developments Within Our Industry," "Carrying of Customers' Stock in Our Warehouses" and "Present and Pending Bankruptcy Legislation."

The Tuesday meetings begin with a luncheon at 12:30 P. M., to be followed by discussion of "The Present Outlook for Our Industry" by a prominent executive. Other talks during the afternoon will include "Modern Financing of Customers Just Entering Business," "Effect of Strikes on Acceptance or Rejection of Orders" and "The Sales Conscious Credit Executive and his Cooperation with the Sales Department."

The paper products and converters group have also announced that a discussion from the floor will follow each talk.

Bankers

The meeting of the Bankers Group in cooperation with the Robert Morris Associates should be one of the outstanding features of the Credit Congress of Industry, according to Edward M. Tourtelot, vice president, First National Bank of Chicago, and national chairman. Tentative plans contemplate three high class addresses by outstanding speakers along lines in which bankers are most interested.

E. M. Tourtelot

As indicative of prospects for a record breaking turnout, next June 21-24, Mr. Tourtelot pointed to the achievement of the Chicago Chapter, Robert Morris Associates which held their Midwestern Regional Conference at the Palmer House, Chicago, on Friday, April 2, and heard six very prominent business men, including Executive Manager Henry Heimann.

"It was a tremendous success and the attendance was much larger than we ever had at any previous Robert Morris Associates Convention," he said. "Approximately 100 out-of-town bankers were present, some coming from as far away as Boston, Salt Lake City, and New Orleans. Efforts will be made to exceed this record set by the R. M. A."

Hardware Manufacturers

When members of the Hardware Manufacturers Credit Group assemble at the Stevens for their several meetings during the Credit Congress of Industry, they are going to find that National Chairman F. O. Reibold, of National Enameling and Stamping Company, Milwaukee, has done a superb job of program building.

F. O. Reibold

Topics of mutual interest will be the order of the day. These include a discussion of terms, whether or not they are being extended from 30 to 60 days to longer periods of time, effect of new taxes on undivided profits, effect of the Robinson-Patman Act on business.

Among the discussion leaders who have already accepted assignments are: F. M. Smith, Norton Lasier Co., Chicago; Paul H. Fielden, of the Norton Co., Worcester, Mass., and E. E. Ogren of the Stanley Works.

Glass, China, Pottery and Aluminum

The program of the Glass Tableware, China, Pottery and Aluminum Ware Credit Group is complete, according to National Chairman E. W. Hillman, of The Federal Glass Company, Columbus, excepting for definite acceptance of four speakers, which are expected to be forthcoming early this month.

E. W. Hillman

During the sessions, "Extension Cases and Their Handling" will be discussed by H. M. Oliver, secretary-manager, Credit Association of Western Pennsylvania, Pittsburgh.

F. S. Bennett, credit executive, Aluminum Cooking Utensil Company, New Kensington, Pa., is preparing a paper for presentation at one of the group sessions on "Vitalizing Credit Interchange."

"Purpose and Service of the Foreign Credit Interchange Bureau" is to be presented by Kenneth H. Campbell, New York City, service manager, Foreign Credit Interchange Bureau.

Other subjects for discussion selected by Mr. Hillman include: "Installment Selling" (hotels, restaurants, clubs); "Robinson-Patman Act;" "Reasons for Business Embarrassment;" and "Dealing with Inadequately Financed New Firms."

Furniture Manufacturers

Representatives from the nation's furniture centers have a prominent place on the program which Mayo N. Zeigler, John Widdicomb Company, Grand Rapids, national chairman, Furniture Manufacturers Credit Group, has arranged for Tuesday and Wednesday during the Credit Congress of Industry.

Mayo N. Zeigler

A. W. Dewar, Kroehler Mfg. Co., Naperville, national vice chairman, will report for the Chicago district; J. Tom Smith, Rosenfeld Co., for the Atlanta district; A. Seidenspinner, American Chair Co., Sheboygan, Wisconsin district; W. L. Witt, George Wehm & Co., Pittsburgh district; Lynn W. Eddy, Empire Case Goods Co., Jamestown district; Henry C. Steul, Jr., Henry C. Steul & Son, Inc., Buffalo district; J. B. Fugate, Abernathy Furniture Co., Kansas City district; Mr. Zeigler, Grand Rapids district.

Representatives from Rockford, Evansville, High Point, New York City, New England and Pacific Coast points will also report.

After considerable research Mr. Zeigler concluded that the furniture men would prefer to consider exhaustively the subject of "Factoring," "Analysis of the Future Prospects in the Building Industry" and "Ledger Experience as the Basis of Credit Acceptance."

According to present plans "Factoring" will be discussed by Shreve C. Badger, president, Scottish American Company, prominent central west factors. Mr. Zeigler believes this subject is a "real two-edged sword," because it affects both the credit man and the acceptance of credit.

A prominent business leader has been tentatively selected to discuss the "Building Industry." By projecting the discussion into the future, the furniture manufacturers will be able to gauge probable volume since the furniture industry parallels the former.

Oil Well Suppliers

Interests of credit and treasury departments of the Oil Well Supply Men at the Credit Congress of Industry are being well cared for by Fred J. Carpenter, The National Supply Co. of Delaware, Los Angeles.

F. J. Carpenter

"Cash Discounts and Interest Rates," "Terms—the Importance of Uniformity and Observance," "Sources of Credit Information" and "Effect of the Robinson-Patman Act on Terms and Discounts" are among the subjects chosen for discussion.

A luncheon meeting will get the sessions under way.

Wall Paper

Under the capable leadership of E. M. Lennon, president, Lennon Wall Paper Company, of Joliet, national chairman, WALL PAPER CREDIT GROUP, complete facts concerning the Credit Congress of Industry were presented before The Wall Paper Institute's annual meeting in April.

At the same time Mr. Lennon pointed out to Institute members and officials the advisability of scheduling their credit men's committee meeting in Chicago in June concurrently with the National Association of Credit Men convention.

During the past year the industry has been paying special attention to credit matters, and results have been found good. While admitting that in his industry there is room for credit improvement Mr. Lennon is aggressively engaged in bringing it about.

In announcing the Monday and Tuesday programs for the group, he said that his crowd wanted "more light" and would get it on such things as: "Keeping the Credit Department Up-to-Date"; "High Cost of Slow Accounts and Remedy"; "Is It Safe to Depend on Salesmen's Credit Recommendations?"; "Does Volume Justify Loss from the Debtor's Subsequent Insolvency?"; "Modern Collection Methods"; "National Finance"; "The Judiciary"; "Insurance"; "Present and Pending Bankruptcy Legislation".

Food Products Wholesalers

"Causes of failures in the retail food business" is one of the important subjects arranged on the program of the Food Products Wholesalers by National Chairman Fred J. Bury, of the E. R. Godfrey & Sons Company, Milwaukee. Other subjects on the program for this group were mentioned on page 42 in the April issue of CREDIT AND FINANCIAL MANAGEMENT. Present indications are that the Food Products Wholesalers will draw a big attendance at the Chicago Credit Congress sessions.

Fred J. Bury

Automotive Supplies Wholesalers

A. W. Pfeiffer, Assistant Treasurer, United Motor Service, Detroit, and M. D. Fields, Central Rubber and Supply Co., Indianapolis, co-chairman of the Automotive Supplies Wholesalers Group, are planning a special program based on the theory that special aids to dealers often help credit situations in the retail field. Such suggestions as "counseling customers on operating statements," "budgets for customers," "cash discounts" will be discussed at this important group meeting.

A. W. Pfeiffer

Takes Hardware Group

F. O. Reibold, credit manager, National Enameling and Stamping Company, Milwaukee, has succeeded to the chairmanship of the Hardware Manufacturers Credit Group, which has arranged a splendid program.

Stationers, Publishers, School and Office Equipment and Supplies Manufacturers

National Chairman D. H. Mudd, A. G. Spaulding & Brothers, Chicago, reports the acceptances of Wm. H. Maurer, American Seating Company, Grand Rapids, Michigan and R. Kalivopa, A. C. McClurg & Company, Chicago, as National Vice-Chairmen and Miss Alice Wilde, Gregg Publishing Company, Chicago, as Group Secretary.

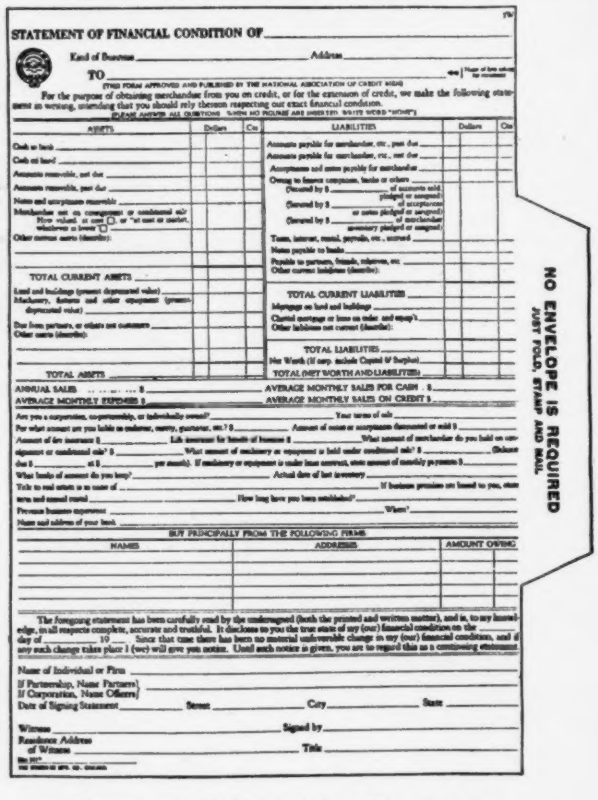
Mr. Mudd reports that their program will be mailed to all group members on May 15th. It will be most extensive and comprehensive and group members will find the attendance this year to exceed all past group records. He asks that anyone who fails to receive the program by May 20th, please communicate with him immediately thereafter.

Self Mailing—

financial statement forms

The standard Envelope style forms supplied by the National Association of Credit Men provide their own evidence of postal transmission when suspected fraud arises. Credit Executives find N A C M forms obtain more data for credit files and retain good will of customers.

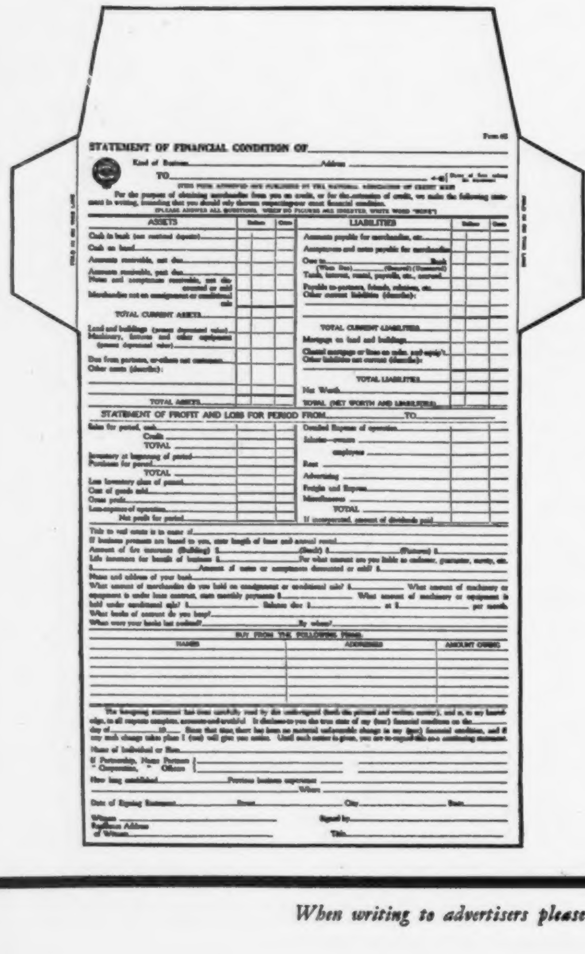
(Business Reply envelope can be supplied)



Form 5-W for Smaller Accounts

Designed for customers who can give only a minimum of financial information. Prices (Postpaid).

Plain	*Quantity*	*With Name and Address*
$4.00	250	$8.50
6.75	500	12.50
10.00	1000	19.00
13.50	1500	25.65
18.00	2000	34.20
21.35	2500	41.55
25.50	3000	48.45



Form 4-E Provides Full Data

Also shows condensed operating statement. Many use this form as standard. Prices (Postpaid).

Plain	*Quantity*	*With Your Name and Address*
$5.50	250	$9.50
8.50	500	13.75
15.00	1000	23.50
20.50	1500	32.00
27.30	2000	42.60
33.15	2500	51.75
38.70	3000	60.40

No order smaller than 250 accepted when name and address are desired.

Forms Department
National Association of Credit Men
One Park Avenue New York City